

CANADA'S

WEEKLY NEWSMAGAZINE

Maclean's

FEBRUARY 17, 1997

Some 'Recovery'!

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HOW THE GAME OF ICE HOCKEY WAS INTRODUCED TO THE COUNTRY OF SOUTH AFRICA.

Calgary International Airport, 3:00 p.m.

The saga begins

Sixteen kids, sixteen airline tickets and sixteen tiny hearts set on winning their international hockey tournament in Copenhagen. Little did I know; the stiffest competition would

be Murphy's Law.

Copenhagen, 6:00 a.m.

"Our luggage is delayed!" I asked. "It's arriving tomorrow!"

was... South Africa," the airport clerk explained politely, then again I never thought I'd need half the added benefits. "Tonight's game isn't in South Africa," I insisted, through that came with my Visa Gold card. I gave the best defense I could think of.

Law's Sporting Goods, 8:00 p.m.



Needless to say, the shopkeeper was pleasantly perplexed, tagged on my cart last. I was surprised to see an entire hockey team being outfitted with brand new equipment. But he was dead calm compared with my little guys who refused to be out of their gear like it was birthday all around. As I

watched them I thanked my lucky stars for Visa's Gold card's point. I called up the Visa Gold hotline and they gave me a purchasing power. I never thought I'd have to use it, but list of English speaking doctors. Rocket got his imbalder re-

against Murphy's Law is never say never. That said, just as I was breathing a sigh of relief, young Jimmy, or Rocket as he

Dr. Johnson's Office, 2:00 p.m.

It seemed that Rocket's asthma inhaler refill was strategically stored in his hockey bag which, of course, was somewhere over Algiers at this

facted and we headed for the risk.

Copenhagen Sports Arena, 6:00 p.m.

As the kids took to the ice and I recovered the few remaining prize tags from their behaviors, I celebrated our first victory - we had beaten old Murphy. And the first star of the game, in previous events, was definitely my Visa Gold card. But then again, I guess that's why they say "it's the only card you need."



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Some 'recovery'!

Governments are slashing budgets to the bone, like home pay is in a bind, and the poor are getting poorer. Overall, individuals are worse off than they were in 1993. But Canadians don't want to believe that good times are about to blossom.



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Gold: the plot thickens

Gregory Chynoweth and other shareholders in Ilex-X Minerals Ltd. want Barrick Gold Corp. to buy out of the world's biggest gold find.



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Canadian Roanne Faller is revolutionizing the icon of femininity that magazine editor Helen Gurley Brown made into one of the most powerful in the world.



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Making O.J. pay

The jury in O.J. Simpson's civil trial slaps him with a multimillion-dollar penalty for wrongful death in the two murders he was acquitted of.



From The Editor

The good times are back



When David O'Brien goes to work in the morning, he is one of the few executives in the world who, literally, looks down on the key pieces of his sprawling empire. To the west from his headquarters are 18th-floor rooms in gleaming Banker's

Canadian Pacific Ltd. can see the tracks heading out of town towards the Rockies and the Port of Vancouver. Another vista opens up on the sleek tower of the nearby headquarters of giant Petro-Canada Petroleum Ltd. To the east is The Palliser, part of CP's vast hotel chain and, beyond, Fording Coal Ltd. "The only thing that isn't there," O'Brien says with a chuckle, "is the shipping company."

Not even the CEO of CP can arrange to move ships through a Prairie town, although he did move CP's housing, Montreal head office, along with the railway company, to Calgary last year. O'Brien insists that the upland simply plants the company's roots where they grow strongest, in Western Canada. But that a Montrealeur now heads up the very symbol of Canadian capitalism—in Calgary—speaks volumes for the shifting balance in the Canadian economy. The West is now king and Calgary is at the centre of the action.

The upbeat mood is evident in most places and sectors of the city on the edge of the foothills—indeed throughout a province that can fairly boast that spending is under control and the debt is being paid off because of budget surpluses. The oil and gas industry is booming with confidence. The city's unemployment rate is now the lowest at

any major city in the country at 6.5 per cent, compared with the national average of 9.7. Residential construction is roaring, fuelled by \$78.6 million in new permits issued last month, a 650-unit increase over January a year ago. Calgary is also among the most vibrant cities in the country—its strong are its humble citizens of the last of the early 1980s that brought the town to its knees. But by any other name, the good times are back in Calgary.

Volunteers are preparing for this summer's world games for police and firefighters and hoping to relieve the spirit of the 1988 Olympics with a goal's bar in 1993. The restaurants and bars are still there, even the old signs of the old licensing, a Calgary company did a break business before Christmas putting company logos on bottled water at \$75 for a boxed set of red and white.

Yet all is not rosy. Alberta Premier Ralph Klein, who is poised to call an election any day—a vote he seems destined to win handily—is on the delicate about massive cuts to health care and education (page 20). Tuition fees are on the rise at Alberta's universities, and the wait in emergency for scarce hospital beds can be up to seven hours. The much-proclaimed home-care alternative is spotty and the waiting lists for nursing homes are running up to a year. Alberta clearly has an economic advantage, but Klein's challenge, as he put it last week, "is to leave nobody behind."

Robert Lewis



Klein and election slogan: a goal to leave nobody behind?

Newsroom Notes:

The economy

As every Canadian knows, keeping to a schedule in winter is easier said than done. On the day that Assistant Managing Editor Ross Laver and Contributing Editor Mary Janigan flew from Toronto to Ottawa to interview Finance Minister Paul Martin, the weather was playing havoc with airline schedules. They finally arrived in the capital two hours late for their rendezvous with the



Laver (left), Janigan with Martin (see page 22)

(page 14) National Business Correspondent Jennifer Wells explores where the Canadian economy is heading (page 22). In the longer term, the experts predict encouraging signs for jobs and incomes.



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Going to school will Ontario's proposal prove workable?

Recipe for education

Your article "Public school shakeup" (Feb. 26/94, Feb. 3) indicates that most of the provinces in Canada have reduced the number of school boards. Education Minister John Snider's proposal for Ontario will, in my view, victimize our students and prove to be unworkable. It is leaving most decisions to a representative named education improvement commissioner. He has announced the role of the negotiator, made known vaguely a few of the ingredients, but not indicated how the cake was to be baked.

Peter Nathan,
Thunder Bay, Ont.

Breast cancer choices

How disappointed I was to read that the "Mastectomy alternative" (Health Matters, Feb. 3) was laparoscopic surgery—I had hoped there was a breakthrough procedure. Your note failed to mention that with laparoscopic, mistakes happen in highly recommended. For many women, that doesn't mean travel far from home, which

means her support system is not close at hand when she needs it most. Most post-operative radiation treatment spans six weeks. That was the deciding factor for me when faced with the decision in 1985. Perhaps these details will explain to your readers the discrepancy between Ontario and B.C. surgical choices for breast cancer.

Anda Dorst,
Prince George, B.C.

'Dangerously' Accurate

Alexis Thornton cites a pole in his column about the difference between a diplomat and a lady. "When a lady says no, she means maybe. When she says maybe, she means yes. But the never says yes, otherwise she wouldn't be lady" (Feb. 3). Such blatantly ignorant, sexist statements perpetuate myths and misconceptions while promoting violence against women, making a joke of that violence and implying societal acceptance of it. This is not merely politically incorrect but dangerous and totally unacceptable in an otherwise generally respected magazine.

Dalia Potok,
Paris, Que.

Simply the best

Media/Crew writer Barbara Hager's plea for both sides of the abortion issue to reach out to each other in "Basic steps to words understanding" (The Road Ahead, Feb. 3) is simply the best letter you have ever published.

D. B. Andrew,
Langley, B.C.

Eaton and Reform

It is very reassuring to learn from Peter C. Newman that Fred Eaton, chairman of Canada's premier department store chain, has the courage to support the Reform Party of Canada ("Fred Eaton speaks out—Brewer Fronts" The Nation's Agenda, Feb. 3). I guess all that good living hasn't dulled his brain after all.

George Pitlor,
Fountain Ont.

Scientific touch

Therapeutic touch ("The healing touch," Health, Jan. 27) should be viewed as a form of positive sedation between health-conscious patients, and nothing more, until scientific data demonstrates otherwise. The observation that the benefits are likely a placebo effect makes a lot of medical sense. What I do object to, however, is the suggestion that not only have the ability to decide their own treatments and, as such, should not be denied access to them. I find this a very dangerous line of thinking. Hospitals are places where the scientific principles of medicine are put into practice. For patients to be able to dictate forms of therapy that should be made available to them is ridiculous, unscientific and irresponsible.

Dr. Bradley J. Dible,
Barnet, Ont. (M)

Bernardo tapes

I was appalled and disappointed in the low professional attitude in "Lawyers on trial" (Canada, Feb. 3). The evidence suggests that former Paul Bernardo lawyers Ken Murray and Carolyn MacDonald not only may have obstructed the justice system but forgot what justice means. The society of the lawyer-client privilege must definitely does not apply in this case.

Michael P.C. Baugman,
Brockton Bay, S.C.

Split decision

A complete surprise to some, particularly politicians, but not to others, that the World Trade Organization ruled against Canada on the matter of softwood lumber ("A blow to magazines," Media, Jan. 27). Former External Affairs minister Gordon Sinclair, who helped negotiate the Free Trade Agreement, successfully averted us from the decision. "This will be other words. This is the thin edge of the wedge." The decision means some questions: how many people comprise the trade organizations? how many are American? and how many are Canadian?

Scott J. Sengman,
Barnet, Ont.

I am utterly amazed at the possibility that we could be avoided by media from the south that could lay waste to our cultural community and publishing industry. If all else fails, we ought to lead the word "trade" seriously enough to demand that the American publishing industry and other needs

THE MAIL

Working on the rails

Justice René Fossy's inquiry into the Hinton, Alta., train collision of 1986 harshly criticized work scheduling practices that the inquiry found were directly responsible for the disaster. The 1986 contract with CN employees regarding "train conductors and engineers to work longer shifts" ("Back to the rails," Business, Jan. 10) has turned train crew scheduling back to the pre-Hinton era. And the recent implementation of remote-control locomotive technology, like unrealistic shareholder expectations, does not come free of charge. It requires auxiliary equipment, costing as much as 10 per cent of each locomotive converted, and is a technology that is subject to all of the limitations of FM radio communications. The jury is still out on remote-control technology, but there is evidence to suggest that the application of this method of controlling locomotives will be slower than its initial or its cost-effective as CN CEO Paul Teller, or the shareholders, would like.

David F. Hughes,
Secretary Treasurer, Division 295,
Brotherhood of Locomotive Engineers,
Toronto

Who is 'the enemy'?

The idea that government should be run like a corporation has now reached its logical conclusion. With the exception of a few credit unions and co-ops, businesses are dictators, not democracies. Local democracy, allied as it is with unpaid citizens who have not been elected by David Thomson and her corporate friends, is a noisy intruder sent to the Harris downsizing agenda. The Premier's School Boards Act empowers the provincial cabinet to change any law that gets in the way of less democracy. Most of the trustees and councilors in Ontario are not "his" case. They are your hardworking neighbours. Some of them, however, are getting in the way by actually thinking that children, public transit, the environment and welfare issues are more important than the bottom line. Finance takes as her model of efficiency the city of Chicago, a metropolitan area well known for its lack of democracy, its horrendous municipal services and the size of its slums. She crows about California, a state renowned for its poverty and pollution, as well as the failure of Proposition 13, which gutted its school system ("A time to reduce the official head count," Column, Jan. 30). The public needs to ask itself why the local people they have elected to office are audaciously the enemy.

Jane Mitchell,
Public School Trustee,
Wentworth County Board of Education,
Windsor, Ont. (M)

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Column



Barbara Amiel Hiding the past poses a moral dilemma

Last week, Madeleine Albright, America's first female secretary of state, discovered something that I have known ever since I first saw her on television some years ago—namely, that she is Jewish.

Albright came to Britain when her parents fled Czechoslovakia in 1939. She was brought up as a Roman Catholic and later became an Episcopalian. This past week, rumors that Ma Albright was Jewish were confirmed by a story in *The Washington Post*. At least three of her grandparents died in Nazi concentration camps and a number of other relatives were Holocaust victims.

This is not an important story, but it fascinates me because it tells so much about the many ways in which human beings choose to survive under harsh circumstances or hide their lives under more benign ones. We all have so many choices to make: what to eat, how to live, what to conceal, what to reveal, what to unearth and investigate. Albright is a bit of a puzzle. She is known by those who have dealt with her to be shrewd and stubborn as blazes, all of which you probably need to be coming from a background that is certainly not American Establishment. As a foreign-born female, the chips were stacked pretty high against her, even though Henry Kissinger had made it possible for foreign-born Jewish U.S. officials to become secretary of state.

As UN ambassador, the only aspect of her that struck a slightly queer note was a habit she shared with her predecessor at the state department, Warren Christopher, and shared still with members of the Clinton administration. That habit consists of a need to constantly remind others that they speak in the President's name. But this is by the way.

When I say that I had known that Albright was Jewish, I mean that one look at her features told me so. Of course, I put it in the back of my mind because I suppose absolutely no significance to it, just as I would be inclined to disbelieve. Being Jewish myself, I had a feeling of kinship and admired her achievement (not a notch more). What is sometimes amusing to me is that such an intelligent and well-travelled woman would not have made that association herself many years ago. I would have made the association the first time I looked into her mirror.

Obviously, not all individuals conform to their national or ethnic types as physical appearance. After all, not all Greek men are dark and handsome nor all Swedish women stunning blondes. Most certainly, not all American Jews (Jews from eastern Europe) or Sephardic Jews (largely from Spain, North Africa or the Middle East) look like Ashkenazi or Sephardic Jews. But regional types do exist, and many individuals correspond to their ethnic types in appearance to

the extent that it is evident the minute you look at them that they belong to that group. Albright happens to be the type of person whose attractive features correspond to her tribal affinity in an almost unmistakable manner.

According to her well-known friends, Albright's parents chose not to tell her of her background. She grew up a serious Catholic. The little girl who was named twice—two years old when her grandparents the Nazis and then 31 when her family, having returned to their homeland, fled the Communists—simply never asked questions about her dead grandparents or missing relatives. "When people are not a visible part of your life," she has said, "I didn't ask about them." Actually, most people do. The interesting question on which one can only speculate is why Albright did not.

Many European Jews who shared similar backgrounds to Albright's parents, namely highly educated, accomplished and proud of the country of their birth, decided not to burden their children with the additional danger of Jewish self-consciousness. Others, such Jews were non-religious and totally assimilated in their societies. They could derive nothing from their Jewish background but racism as best and most dangerous at worst. Their Jewishness conveyed no pleasure to her then and, given the rise of Nazism and fascism, it could create an infinite number of crises. So they hid their identity from their children. One of Albright's longstanding American-Jewish friends has been quoted as saying "And who are we, now, we've experienced such horror, to say that it is wrong?"

I don't share this view. While one is filled with the most profound sympathy for those who suffered through the Third Reich, it is possible to say that Albright's parents were wrong. They were wrong or, more accurately, given that this is not a moral judgment, they were mistaken because this attitude of hiding one's previous existence in private creates a historical lie when they believe that the world will be over this, and that just to live in society and prosperity will have to hide their ethnic origins forever. It is a mistake, further because such people posthumously aid Hitler in eliminating the Jews.

If I had to bet, I would say that unless Albright has the most astonishing lack of curiosity for a woman of her social powers, the truth as she admitted her parents' sense of utility and took refuge in the story they constructed to see, hear and ask no questions. We can never know. Regardless, this cannot be taken as any worse as a negative comment on Albright. Speaking for myself, I would never as a journalist have thought it sensible to have "outed" her. Luckily, the result is a triumph: she comes from a great tribe; she was born in a splendid nation and she holds citizenship in the greatest country in the world. For Canada, America, Jews and Episcopals, it's a winner all around.

Opening Notes

Edited by BARBARA WYCKENS

Parchment with a purpose

For the first time in its 326-year history, the charter to which King Charles II affixed his royal seal on May 12, 1670, creating the Hudson's Bay Company, is being scientifically analyzed. Since early January, a team at Canadian Heritage's Canadian Conservation Institute in Ottawa has been examining the dark brown calligraphy on cream-colored parchment for signs of deterioration. The team is also keeping up detective work that started soon it was made from. Given the charter's history—it has bounced from Windsor Castle to the former Hudson's Bay headquarters in London and finally to the company's present office in Toronto—the document is in "relatively good condition," says institute director general Bill Peters. And he would like to keep it that way, given the historical significance to creating the company's trading route in Rupert's Land, which now comprises most of Canada. Once tests are completed this week, the document will be placed in a specially made hermetically sealed case and returned to Toronto. "To my knowledge," says Hudson's Bay vice-president Brian Gracie, "we are the oldest organization that still in existence operating under its original charter."



Scientists at Ottawa's Conservation Institute examine the charter.

A lift from the bunny

Despite a few changes ahead of halting its identity, Playtex readers in Quebec uncharacteristically recognized the distinctive cable eye logo and tried design of the Montreal-based ski resort portrayed in one of the February



magazine's cartoons. It was the creation of Doug Seep, a freelance cartoonist from Orillia, Ont., who has been a contributor to Playtex since 1994. Word of the cartoons spread quickly among both sisters and the mountain's 300-plus employees, and made headlines in Quebec City 50 km to the west. For the ski re-

sort's directors, the local coverage—and the mountain's portrayal in a magazine with a North American-wide circulation of three million—has been a marketing bonus. "The cartoon is a great little plug for us," says general manager Guy Desrosiers. "But the whole thing is really quite amusing. It's given a lot of our male employees a good excuse to go out and buy the magazine."

Hemp's intoxicating possibilities

The word "hemp" may cause shudders in some smoky quarters, but in other circles, particularly in Europe and the Far East, hemp is the result of careful regimens. That is because the versatile plant—considered marijuana without the intoxicating ingredient—is being put to \$100-million worth of legal uses. Both Giorgio Armani and Ralph Lauren sell suits made of hemp, while Adidas

marketed a hemp running shoe last year. There is even a new hot hemp cheese substitute. And though Bill C-6, which Parliament passed last June to recognize that mature hemp stalks should no longer be declared a controlled substance, will not take effect before 1999, Canadians are beginning to recognize hemp's lucrative potential. The organizers of the Commercial & Industrial Hemp Symposium

being held Feb. 18 and 19 in Vancouver expect about 2,000 business people to attend. The conference has also attracted some top-name speakers, including the Bank of Montreal, the Canadian Paper and Paper Association and the U.S. Ministry of Agriculture. It is all a sign of the times, says organizer Solon Pripstein. "Business is booming and now that industry is finally beginning to see the benefits of hemp, it will come out of that dark, shady area where it's been hiding."

MP slinging match

Until last week, Reform MP Darrell Stinson (Ontario/Sheppard) and Liberal John Gammie (Saskatchewan/Central) were among the throng of largely respectable backbenchers. But when Stinson swapped under the twinkling prompted by his Commons speech on early parole from prison, the resulting altercation made both men and Commons instantly notorious. And Reform Leader Preston Manning, who has grown weary trying to dampen suggestions that his party is extreme, promised to take the beating by his country. Although MPs are immune from legal action for anything said inside the House, Manning claimed that Gammie slandered Stinson and the party by attaching the charge "terror" outside the Commons—charge the Green-lens Caucus denies. Still, Reform has hired a lawyer to determine whether legal action can be taken. Some excerpts of the Stinson-Gammie exchange:



Gammie, Stinson (right), instantly notorious.

Stinson: I have been branded a child-headed cockroach over this question. An honorable member: Excuse me, Stinson. Sure, if it concerns what we worry about (the temper in this country) it is extremely worrying about the criminal and the safety of my mother. It is extremely. That is right, you keep that up. That is what you call extremism. Shame on you. I hope your parents give you a talking to when you get home. That is all I can say. You have no more thoughts for them. Gammie: Excuse.

Stinson: I know the word "terror" from that side. Do you have the fortitude or the guts to stand up and come across here and say that to me, you son of a bitch? Come on. Speaker: Order. Stinson: I will not have some asshole call me a racist. Speaker: Order please. Stinson: [Referring to talk of this jacket] Let's go, right now.

BEST-SELLERS

- FICTION**
1. *Death in Autumn*, John Grisham (13)
 2. *Alas, Poor Whistler*, Margaret Atwood (12)
 3. *Fall on Your Knees*, Anne-Marie MacDonald (10)
 4. *The Indian in the Cupboard*, Judy Blume (9)
 5. *North Hill*, Patricia Connolly (8)
 6. *The Teller of Tales*, John Galsworthy (6)
 7. *Black and White*, J.R. F. O'Grady
 8. *The Wind Song*, Beverly Sloyer (5)
 9. *Archives*, Michael Ondaatje (3)
 10. *Lost Boys*, Graham Smith (1)
- NONFICTION**
1. *Evans, David & Evans, David*, David Evans (13)
 2. *Jack the Lion*, Richard Adams (12)
 3. *Paradise*, Michael Ondaatje (10)
 4. *The Fall to Love*, David Gribble (9)
 5. *The Bookends*, Jeffrey Eugenides (8)
 6. *Jackie*, Richard Adams (7)
 7. *My Grandfather*, Graham Smith (6)
 8. *City of Angels*, William S. Burroughs (5)
 9. *A History of Writing*, Glenn Feldman (3)

1. *Paradise* next week. Copyright by John Adams.

Mia dishes the dirt

In *What Falls Away*, actor Mia Farrow, 51, mother of 14 children, writes about her career and her marriages to Frank Sinatra and André Previn. But read: readers will be interested in her comments on director Woody Allen, her longtime partner with whom she had a highly publicized breakup in 1992.



Alberta gas pains

It is an expensive proposition, the cost of it is estimated to be over \$100,000 to mine a single gas station contaminated by soil or diesel fuel leaking from old rusting underground storage tanks. And according to an Alberta scientist, some of the set up, just to add more to the cost, there are an estimated 1,000 retail sites across the province that have leaked or might require remediation in the future. The liquid petroleum contaminates the soil and can leach into wet water or city sewers. Industry has already cleaned up many locations. But some small operators have abandoned their properties. Next month, the province, which includes Lac La Poudre, Paul MIA Paul Langevin, is expected to propose a plan that includes some provincial government funding to aid owners with clean-up costs. If accepted, it would likely be the first initiative of its kind in the country. "We don't have some kind of a program," Langevin says, "many more of these small operators will get well away from their sites."

Passages



DIED: The U.S. ambassador to France, **Philip H. Frank**, 75, a services secretary who went on to help rebuild the Democratic Party after suffering a stroke in Paris. Frank, born in Pennsylvania to an impoverished immigrant family in England, gained a reputation for capturing some of the world's richest men. She married **Kenneth** in 1939, and while he was away fighting during the Second World War, she served as a hostess for his father, the prime minister **Winston Churchill**. After they divorced, Frank moved to Paris, where she had a number of well-publicized romances. In 1960, she married Broadway producer **Leonard Hayman**. After his death in 1971, she married **Avard Harman**, who served as the U.S. Pacific Basin Affairs and a longtime adviser to Democratic presidents. During the Republican years, her husband's activities and political acumen helped keep the Democratic party alive. Harman was one of the early backers of **Bill Clinton**, and after he was elected president in 1992, she had her ambassador. Despite criticism about political payback, Harman was considered a success in her four years as a diplomat.

DIED: In 1958, 78, who made Butcher's a world-renowned attraction, in 1958. His wife was killed in her 21st birthday by his grandsons, **Jimmy** and **Robert Butcher**, who started it on Saskatchewan's north side in 1904.

GRANTED: To figure skater **Sharon** in 1985, the Olympic gold medalist who was charged with drunken driving after her Mercedes skidded off the road in January in Connecticut, a plea bargain, which includes her starting an anti-drunk driving advertisement campaign aimed at teenagers.

INDUCTED: Into the New York City-based Theatre Hall of Fame, **Boyz n the Bunch**, 61, an actor who has been a stalwart of the Starford Festival for nearly 25 years.

AWARDED: To retired air commodore **Leonard Bishell**, 61, of Kingston, Ont., the fifth clip of the Canadian Forces Association, the first time it has been won since it was created in 1972 to recognize meritorious service and devotion to duty.

SOME "RECOVERY"!

MONEY COVER

BY MARY JANGAN

Sure, Jeff Telford expected that the badger cutters would snap away his job. What else could he think when, for two months, his employer had been offering free courses in career coaching, financial planning and résumé writing? Even so, after six years, Telford found it wrenching to open his Ontario government layoff notice in late November. His job had been to search out low-cost construction materials for highway repairs. Now, he is hunting for work as a computer consultant while worrying about how he will support his 18-month-old daughter, Holly, and his wife, Kim, who works part time as a babysitter. "You go through every emotion: the shock, the fear that you can't provide for your family, the realization that you have lost your benefits, the excitement of a new career," says the 39-year-old Telford. "There have been a lot of tough nights."

So let us raise the question: that the federal Liberals probably will not venture to pose in the next election: are you better off today than you were when they took office on Oct. 25, 1989? Given his plight, Telford's answer is perhaps startling. In October, 1991, newly married, secure in his job, he was unambiguously better off than he is today. "But the country is better off today than it was then," he insists. "The economy is turning around. Interest rates are down. I don't blame the Ontario government for the cuts. They had to be made. At least it's better to be laid off now than it was then because the opportunities are out there now."

That forlorn declaration of hope captures the mood of many Canadians today. Individually, they are probably worse off than they were in October, 1989. After adjusting for inflation, workers have less disposable income than they had then. The gap between high-income earners and low-income earners has widened. Stopped for cash, Canadians are saving a much smaller slice of their incomes: 5.1 per cent of after-tax income in the third quarter of 1991, compared with 9.5 per cent at the same time in 1989. The percentage of the working-age population that has jobs or is looking for work has decreased, to a large extent because many Canadians have given up hope. And everywhere, governments are pinning vital programs. "I'm paying more taxes today for much less services," asserts James Mascher, who runs a fish-dragging company



in Lunenburg, N.S. "Look at health care. Look at education."

Yet many Canadians are convinced that the country is on the cusp of better days. By the year 2000, after more than a decade of spending cuts and tax increases, all federal and provincial deficits should be eliminated, provided that the economy and its leaders stay the course. Inflation appears to have been tamed. Marriage rates are lowering near their lowest levels in a generation. The Organisation for Economic Co-operation and Development in Paris predicts that this year, Canada and the United Kingdom will have the fastest-growing economies among the Group of Seven leading industrial nations. The OECD also forecasts that unemployment will decline to 9.6 per cent, which compares poorly with the United States' 6.4 per cent, but is comfortably below Germany's 20.4 per cent, Italy's 12.8 per cent and France's 12.5 per cent. "The

negative on the Canadian scene is the stubborn unemployment rate," says OECD president Donald Johnston. "But the general appreciation of the Canadian economy is positive internationally. Canada's prospects are excellent."

One by one, economic indicators are picking up. Housing starts are rebounding after a three-year decline. Retail sales are picking up after a lousy Christmas. The Royal Bank of Canada predicts that workers' real disposable income and living standards will finally increase—although they will still lag behind 1989 levels. In a survey last November, the 87,000-member Canadian Federation of Independent Business found

that almost half of its respondents expected that they would experience stronger growth in 1991. Across the land, there are stirrings of economic activity—and brave, relieved voices of optimism. "Jobs are in the pipeline and will come over the next 12 to 18 months," asserts John McCollan, chief economist at the Royal Bank. "The domestic economy is finally poised for takeoff," adds Nesbitt Burns Inc. chief economist Sherry Cooper.

But while Canadians are slowly regaining their incomes, they face a far more precarious world. A growing national economy no longer guarantees security in work or wealth. Out in three

respondents tell Liberal party pollster Michael Norwood, chairman of Toronto-based POLLARA, that they expect they or a member of their im-

mediate family will become unemployed within the next 12 months. Only seven per cent expect that their incomes will grow faster than inflation. "Slowly but surely, Canadians are being asked to take on more risk—by employers, by governments and even by their own families," notes Judith Maxwell, president of Canadian Policy Research Networks, an Ottawa-based social policy think-tank. She rhymes off the problems that feed the current mood of economic and personal insecurity: job loss or jobs with no benefits, higher debt burdens, reduced public services, crime and family breakdown. "More and more, we are facing a risk society," she adds. "People are preoccupied by the need for security."

In that environment, the Liberals might appear foolhardy to face the voters in an election that is tentatively scheduled for early June. Pollster Maxwell writes that most Canadians do feel warmer all now than they felt in October, 1989. But he insists that they do

"You go through every emotion. There have been a lot of tough nights."

Telford with wife Kim and daughter Holly, stock and bond



not blame the Liberals for their predicament, since they—the unemployed trifled—believe that it was necessary to rein in the deficit. “First, optimism went down, but the resolution to fix the problem of the deficit went up,” Marinelli asserts. “Now, we are actually seeing the return of some optimism. Perhaps a positive thing to happen as a result of the improvement in the deficit.”

Of all the things that voters will crave from government, perhaps the most important is increased security. Look around almost every government service—from Employment Insurance to funding for the Canadian Broadcasting Corp.—has eroded since the Liberals came to power. Cellulitis in federal transfers to the provinces for health, postsecondary education and social assistance have loomed almost everywhere. Hospitals are closing—and the list of medical services covered by public health insurance is shrinking. University tuition fees have increased. According to the National Anti-Poverty Organization, every province has cut welfare payments, pared special benefits or tightened welfare eligibility. “When you have a massive withdrawal of money, you are going to be worse off in terms of services,” asserts Sherril Tagman, vice-president of the Canadian Institute of Social Policy. “There are quality-of-life factors that are very important when you ask if you are better off.”

Voters can feel the strain in their pocketbooks. Personal incomes have eroded. In 1993, Canadian workers had an average disposable income, after taxes, of \$37,787. Last year, adjusted for inflation, that figure was down by \$1,106 to \$36,679. Although basic federal tax rates have not budged, Canadians have been “tickled and snuffed” by the break of revolt. Tax exemptions have dwindled. Deductions for assets and entertainment expenses dropped to 50 per cent from 80. Employer-paid premiums on the first \$25,000 of life insurance became taxable benefits. The lifetime \$100,000 exemption on capital gains disappeared before the vast majority of middle-income earners could even come close to exhausting it.

Consider just a few of the user fees that have risen or been imposed for the first time. The air transportation tax on overseas flights went up. Ottawa imposed an immigration fee of \$875 per adult. Fees rose for food and meat inspection, the use of animal parks, drug approvals, fisheries inspection, fishing licenses and marine services. New Scotia’s Minister, then president of Scotie Traveler Equipment Ltd., was hit with a new \$300,000 annual fee for his short-haul southern harvest. “I applied for them so they can get their deficit under control, but it was difficult for us,” says Explains David Perry, senior research associate at the Canadian Tax Foundation. “Probably every body trips over higher user fees at one way or another, even if they just brought another over from Europe and took her camping in the park.”

Most worrisome, it appears that the gap between high- and low-income earners is widening. Statistics Canada recently reported that low-income households rose from 17.1 per cent of the population in 1984 to 17.4 per cent in 1993. Although more recent information

COVER

is not available, Queen’s University economist Charles Beach, an expert in income-distribution patterns, believes that the poor are probably getting poorer because their earnings are stagnant. Since federal cash payments to the provinces and to individuals have also declined, there is not as much government money to compensate for that shortfall. “It appears that there is a growing inequality in the labor market itself,” he says. “So when the government cuts back on social security programs, that reduces the buffer against inequality.”

If Beach is correct, one consequence may be increasingly strained relations among social classes. “By the time I pay my bills, it has got to be cheap groceries—maybe frozen fruit and frozen cans and day-old bread—with every penny accounted for,” says Tammy Littlejohn, a single mother who lives on social assistance in Victoria with five-year-old Hannah. “Yet I am watching people spending what seems to be a ridiculous fortune on a car.”

After five years on welfare and two training courses

They don't understand what it is like for poor people

Littlejohn after five years on welfare: she is desperate for a job



in office work, Littlejohn is desperate for a job. Just about any job. Her clothes are old. Her shoes, which were purchased secondhand, are as patched as those of a Victorian orphan. She wears the single legs from two sets of pants over a long skirt because she does not own an untarnished pair. She and Hannah walk almost everywhere because she cannot afford \$20 for the bus. She understands that middle-income improvement is hard to the limit, too mental and too brutal to give any more. “But if I don’t understand how they live on what seems like a fortune, they don’t understand what it is like for poor people,” she says. “You spend your last \$20 to copy your resume and no one even bothers to send a rejection letter.”

The Liberals have a ready, if painful, answer to such complaints in the coming election campaign: they will argue that Canadian living standards would be far worse today if they had their ruling yesterday. When they took office, the 1983-1984 federal deficit was reaching towards \$40 billion. Left unchecked, interest payments on the debt would have eventually gobbed almost every penny of rev-

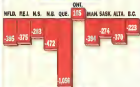
THAT SINKING FEELING

At almost every income level, in every province, Canadian workers take home less money in 1997 than they did in 1993, after allowing for inflation. The figures below, supplied by David Perry, senior research associate for the Canadian Tax Foundation, show the net change in real after-tax income since the Liberals were elected for a single person with no dependents who, in 1993, had a gross income of either \$30,000, \$50,000 or \$100,000. (All figures are in 1993 dollars.)

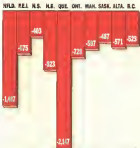
\$30,000



\$50,000



\$100,000



SOURCE: CANADIAN TAX FOUNDATION



I don't have faith in politicians. You have to rely on yourself.

Summary: her business has expanded, but life is still not easy

erms. Today, most economists predict that Finance Minister Paul Martin will easily undershoot his 1995-1997 deficit target of \$24.3 billion by about \$5 billion. Perhaps more significant, the federal debt is now actually starting to decline in relation to the size of the economy—after a generation of near-constant growth. “What we started to do in 1993, leaving governments alone to have started much, much earlier, and it would have been a hell of a lot easier,” Martin told *Maclean's*. “But today, I can’t think of another country that is as well positioned as we are. It gets better with every year.”

The finance minister basks much of his optimism on one key indicator: lower interest rates. The Bank of Canada’s benchmark lending rate now stands at 3.25 per cent—compared with 4.63 when the Liberals were elected. The prime rate—the rate from which most consumer loans and mortgages are calculated—is now 4.75 per cent, down one per cent from October, 1993. To Ottawa, these figures represent the pulse of economic revival.

It is four years since Toronto public relations assistant Ann Goulston first put her home on the market—and then withdrew it as desperate when nobody nibbled. Last November, she and her husband, Charles, now 54 and 53, sold their cozy west-end house with three levels. Now, she is hunting for a larger house on a larger lot in nearby Mississauga. “It’s a low interest rate,” she says simply. “That rate bought my house because the rates are down. And low interest means that I can buy a better house and my monthly payments will still be lower.”

The cumulative effect of such decisions is massive. David Rosenberg, senior economist at Nesbitt Burns Inc., estimates that Canadians borrowed about \$30 billion in five-year mortgages during the first half of 1992, at rates of approximately 10 per cent. As they renew those mortgages, as they renew consumer and business

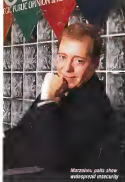
lenses, their monthly payments will diminish sharply. "There will be a tremendous, tremendous flow from these lower-cost mortgages," asserts Rosenberg. "Definite consumer confidence that the savings to borrowers are going to be \$4 billion over 1997, as long as rates don't rise materially."

Consumers, to put it mildly, could use a break. Saving less, borrowing more, some have been unable to keep their heads above water. There were 8,851 consumer and business bankruptcies in October, 1996, 65 per cent more than in October, 1993. The retail industry has been reeling, but Peter Woodford, senior vice-president of the 6,500-member Retail Council of Canada, says that consumers "will spend a little more slowly this year as they start to feel better." He takes comfort from the fact that sales of furnishings and appliances usually pick up within six to nine months of the housing market. Nevertheless, he adds, "the customer is still very cautious. In today's low-inflation environment, customers feel that if they don't buy it today, it may even be an even transaction."

That guarded optimism is seeping down to the mall level. Brent Trepel, the president of Winnipeg-based Ben Moss Jewellers Ltd., plans to open four more stores in Ontario and Western Canada this year—he already has 35—and bolster his staff of 300 employees by about 30 people. Trepel has survived the retail shakeout because he knows his market: middle-income consumers who shop in regional malls. He made money in 1993 because "people are always going to get married and have birthdays and celebrate Christmas." But he expects to do even better in 1997. "Consumers will still very lightened. But with low interest rates, people will have more money—and their average purchases will be higher."

In many cases, Canadians are also getting more value for their money. The University of Regina economist Chris Nield, an expert in consumer patterns, points out that today's computers, for example, often have features at a lower price than those of 1993. And while car prices have risen, current models are also better built and offer a wider array of safety features. "Consumers, though perhaps earning less at spending less, have enabled to them labor-saving devices, entertainment equipment and household durable goods such as VCRs on a scale never before realized," notes Nield.

Canadians, not surprisingly, tend to connect their quality of life with their economic well-being. In a poll released last December, the Angus Reid Group reported that 55 per cent of respondents were very satisfied with their lives—and about 26 per cent believed that their lives had improved over the past six months. While Canadians took



Maclean's polls show widespread uncertainty

the greatest satisfaction from their families and relationships they acknowledged that the state of their pocketbooks was the most important influence on their anxiety. And only 20 per cent were very satisfied with the amount of money they had left after expenses. "What is really driving the quality of life, what has the biggest impact, are economic concerns: monetary savings, short-term savings, disposable income," says Angus Reid vice-president Nadia Lacey.

That suggests that the economy must keep improving if the Liberals hope to retain their healthy majority in the next election. Conservative Leader Jean Charest intends to base his campaign on the assertion that Canadians are definitely not better off than they were in 1993. The unemployment rate was 9.7 per cent in January—the 75th consecutive month that it has been above nine per cent. "The Liberals ran on the issue of jobs," Charest says. "But for the

first time, we may have a generation of young Canadians who have a lower standard of living than their parents. Canadians are slipping badly." In response, Liberal strategists are scrambling for ways to shore up that elusive notion of security. As Martin told Maclean's: "The role of government ought to be to make sure that it is possible for people who are living in this very insecure time to set aside the savings required for retirement at various stages in their lives or for their kids."

But Martin's message may be a hard sell. Jo Ann Ramsay, 37, has owned and operated her Market at Millbrook Bay on the gleaming Nova Scotia coast since 1986. With its golf, its bedding plants and its luxury foods, it is a somewhat unusual business, dependent on the fates of tourists. Compared with 1993, sales and profits have increased. She has expanded twice, adding ice-cream and soft-serve machines and doubling her tourist waiters. After paying her basic bills, she has about \$20,000 left over for the winter to buy food, heat her home and run her van.

Ask her if she is satisfied and her answer is no. "I know that I am better off than most," she says. "I only work six months of the year. Some years, I go to Mexico in my off time. But I want to make more money. I want to drive a new car. I have \$10,000 saved for my retirement." She maintains that the federal government has done little to help: it is the local business association that has attracted the tourists, largely with its own money. But then, she wants and expects nothing from Ottawa. "I can't have a lot of faith in politicians," she says. "You have to rely on yourself." That is the stark lesson that many Canadians have learned in the 1990s. They must decide for themselves if it is a change for the better. □



SOURCE: CANADA BUREAU OF STATISTICS

If she's got people talking,



she's on WTN.

Jane Hawtin Live. Weekdays.

Hot interviews. And heated ones. Celebrities, controversies, and viewers' calls. It's informative. It's lively. It's live! Check local listings for times.

Sarles Assadourian went to a lot of trouble to win his job as a Liberal MP—and he wants to keep it. As the federal candidate in a northern Toronto riding in 1998, he lost by 694 votes. In 1993, he ran again and won, only to learn that his riding was about to disappear because of boundary changes in the coming election. Today, he is the Liberal candidate in Brampton Centre, a sprawling community northwest of Toronto where he has few roads. So, does he feel a need to promise tax cuts to win the hearts of these urban-rural, low-income voters? "No, really no," says Assadourian. "They understand we just can't abandon our deficit fighting. Any extra cash should go to low-income families. Middle-income earners will be patient because they want to see a zero deficit."

Such assurances are sweet music to Finance Minister Paul Martin. After three years of fiscal tough love, Ottawa will likely undercut this year's deficit target of \$28.3 billion by \$5 billion. Just about everyone has an opinion on what Martin should do with the windfall. Politicians, the press, and lower-income taxpayers, in a word, are split—but not overwhelming. Party strategists are keeping a wary eye on the popularity of the Liberal party and the Conservatives—both promise substantial tax breaks—and on the financial health of the free press that has cut taxes since 1995. The economic press is in a competitive, because experts are divided over the benefits of cuts and the sorts of taxes that should be cut. "The Canadian public was gradually educated to the fiscal crisis," says David Perry of the Canadian Tax Foundation. "Now, the public is not about to say, 'We want tax cuts above all else.'"

The finance minister is adamant about his own flexibility: tax relief, no matter how small, is the deficit's enemy. Martin told Assadourian that if he cuts taxes before the deficit disappears, financial markets will conclude that his deficit-fighting determination is wavering. That would put pressure on the Bank of Canada to raise interest rates to lure back foreign investors.

His approach will change when the deficit is gone. At \$4.6 point, the government will have to decide what to do about the accumulated debt, which now stands at \$900 billion. The answer, Martin says, is to ensure that the economy grows faster than the debt. "You cut your way to deficit reduction," Martin said. "But you cannot cut your way to a decline in the debt-to-GDP [gross domestic product] ratio. You have got to build your economy up."

But the Liberals know they cannot afford to ignore the arguments in favor of income tax cuts—if only because their opponents' promises of tax relief could catch fire with hard-pressed voters. Past promises have already cut the 1998 federal income tax by 4.6% (reduction in average tax by \$150 per taxpayer). By 2001, Ottawa will have reduced its rate to 40.5 per cent of basic federal tax from 58 per



TAX CUTS, ANYONE?

Liberals know they cannot ignore the pressure for relief

cent, British Columbia dropped its rate to 51.5 per cent on July 1, 1996, from 52.5. It will decline again to 50.5 per cent on July 1. This same day, Nova Scotia's rate will drop to 57.5 per cent from 59.5 per cent. And two months ago, New Brunswick announced a

Revenue Canada staff sitting through tax forms have announced cuts

reduction over the next two years to 59.5 per cent of federal tax from 64. The three provinces are citing tax relief as a deficit-cutting device. Quebec is unlikely to cut taxes until it balances its books, perhaps by the turn of the century. Alberta will probably offer tax breaks in an 1997-2000 budget. Manitoba, Newfoundland and Prince Edward Island may also offer relief this year.

The economic debate about tax relief remains agonizing. The push for across-the-board cuts took off last fall when Bay Street economist Jeffrey Rubin, a vice-president of CIBC World Global Securities Inc., called for a \$4-billion tax cut to pump life into consumer spending.

The Certified General Accountants' Association of Canada has also advocated a \$4-billion cut, arguing that Martin should not simply rely on lower interest rates to put money in consumers' pockets. "To put all our policy eggs in the interest rate basket may not be the best long-run strategy," it noted. "Many other analysts believe it is most important to preserve low interest rates than to pass on a modest income tax break. 'If we did anything on the deficit side that would cause those rates to jump, we would destroy more jobs than we create,'" warns Royal Bank of Canada chief economist John McCallum. University of Toronto economist Peter Duggan says he favors a reduction in Employment Insurance premiums. "But if they give the impression that they are going up on the deficit front, they could get hammered by the financial markets," he says. "They are on a fine line."

MURK ANGLON

NO QUICK FIXES

Finance Minister Paul Martin talks in his Ottawa office with Martin's Co-Editorial Editor Mary Jensen and Assistant Managing Editor Max Lewis Kesteven.



Martin: spending a prudent decline in unemployment

Martin's: Are Canadians better off now than when your last poll after in 1997? **Martin:** Absolutely. First of all, if you were the average taxpayer then, you had just paid out virtually a decade-long string of tax rate increases. What you have seen in the last three years is no tax rate increases. Second, you had just come out of a period in which your disposable income declined. Over the past three years, your disposable income has stabilized. What taxpayers are asking is: is there more money going into your pocket? Very clearly, the reduction in interest rates has meant in economic demand. Whether you are buying a new car or a refrigerator, you have more in your pocket today than a year ago. If you're rolling over your mortgages, you are in a much better position.

Martin's: What about the 3.5 million Canadians who don't have jobs?

Martin: The fact is that the unemployment rate has come down—and nearly so much as one would have wanted, but it has come down. Virtually every economist in the country will tell you that we are going to have very strong job creation in the year ahead, so you have a greater expectation of finding a job. Obviously, that is going to give a great deal of hope; that there is no doubt that the single most important problem of our society—Whiters society, not just Canadians—is the failure of governments over the past 20 years to develop decent [employment] adjustment policies. That has meant that we have a very stubborn unemployment rate.

Martin's: How does it affect the government's deficit?

Martin: It won't worry about it. Everybody is worried about it. But I have not had a lot of pressure for quick fixes from across Canada. People understand that we are going through a period of transition. If you go back to 1972 or 1973, what you see after every recession is a steadily increasing level of unemployment. What I believe, however, that we have embarked upon a new period that is much closer to the one from 1949 to 1959. Instead of steadily increasing unemployment, we are going to see a declining unemployment rate. But it is going to be a very different kind of unemployment. It is going to involve much more self-employment. It is going to require

specialization within the world market as opposed to generalization in a domestic market. By definition, that carries a great deal of uncertainty with it. It takes more time to adjust to that, and the role of government has got to be heavily focused towards adjustment policy. **Martin's:** What sort of adjustment policy?

Martin's: Government has got to provide the means for training for education. They have got to provide the means for life-long training. Our tax system has got to facilitate change as opposed to inhibit change. And for those who find it difficult to change, there have to be income supports.

Martin's: If you are describing the future job market correctly, won't those manufacturing workers suffer?

Martin: No, I believe the unemployment rate is going to drop. We've seen some 30 years of increasing unemployment. I think we're now looking at 20 years of decreasing unemployment because we are learning how to handle those problems better. The simple fact is, we are decreasing unemployment levels in going to build security. Also—and this is a Canadian phenomenon—I think you are going to see less insecurity in

'Very slowly, I think, there's a growing confidence'

Canada than in any other industrial country. The fact is that we are succeeding in the world economy, creating jobs in the New Economy, as going to breed a great deal of security in our ability to handle the evolution of the economy. Where you are really going to see insecurity is in the

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Building sofas at
Paliser Furniture in
Windsor; located

READY, SET, GROW

BY JENNIFER WELLS

At DeFebr as at the World Economic Forum in Davos, Switzerland, which he has attended for each of the past five years. A lot of big thinking goes on in Davos, and DeFebr likes to be a part of it, picking up trends, ideas, currency movements, economic prognostications. Two years ago, listening to "recessions are the problems in the world" still assessing Canada's own economic prospects, DeFebr, a Windsorer, figured his home country was getting in pretty good shape. "My feeling was that Canada was moving in the right direction," he says.

As was Paliser Furniture, the company DeFebr's father founded in Windsor in 1944. In 1990, he at Paliser, and throughout the furniture business for that matter, looked dire. Consumers, says DeFebr, had "voluntarily walked away," to more cheaply priced U.S. goods. Brinkers had put Canadian furniture companies on their "do-not-touch list."

DeFebr set about reshaping the family firm. He retooled. Instead of running product lines in three types of wood, he cut back to oak alone. He jettisoned disappreciating, a line of business in

COVER

which he was not close to being competitive. He moved heavily into upholstered seating, "where no one had established pre-eminence and we could at least fight for a spot." He started up two new manufacturing facilities in the United States, where before the company had just one. "We were told by a lot of economists we had to move south," he says.

By the time DeFebr hit Davos in 1995, he was running a much more nimble, much more focused business. But he was not happy with the spread of his U.S. manufacturing facilities, which made it tough to move management around quickly, and which, in DeFebr's view, only complicated product distribution. So he made a decision. He closed the two newer U.S. plants and moved those operations back to Windsor. This year, Paliser will have 300 to 400 new workers in that city, at an average hourly wage of \$12. Corporate revenues have doubled since the gloom of 1990 to roughly \$225 million. Staffing has increased by 50 per cent. Paliser is today Canada's leading manufacturer of leather furniture in Canada. It is fourth in the United States, the market that had once made Paliser seem so uncompetitive.

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Maclean's

WHAT MATTERS TO CANADIANS

Puller's may be a small story, but it is an apt example of the comeback not only of the Canadian furniture industry, but of Canadian manufacturing—steeled a resurrection of how the economy has emerged since. Jayson Myers, chief economist with the Alliance of Manufacturers and Exporters Canada, says that between 1989 and 2002, almost 400,000 jobs were lost in Canadian manufacturing. Socialized approaches rang the death knell—“those jobs are gone and they're not coming back,” they all said. But like Puller, apparel companies restructured, pared production costs, rationalized and invested in new technology—and revived. The auto industry began the recovery. Plastics, rubber, textiles, electronics and furniture followed. All of manufacturing grew to \$440 billion in revenue a last year from \$289 billion in 1992. In 1989, 125,000 new jobs were created, giving a long way towards reclaiming the job ground lost in the last recession. Over the past two years, furniture has been the second-highest growing manufacturing sector, with the dollar value of shipments increased by more than \$1.2 billion. At a Daves lunch this year where the theme was the newly competitive Canada, for once Art DeFleur could say he was not hearing anything new.

But 55 per cent of Puller's sales are in the United States, and that percentage has been steadily increasing as retail furniture sales in Canada have remained below 1989 levels. To so many it seems, with an unemployment rate of 9.7 per cent, the recovery does not feel like a recovery at all. “What is important to remember,” says Paul Summerville, chief economist at RBC Dominion Securities, “is that strong job growth occurs much later in the economic cycle. Many people will recall America's so-called jobless recovery that now has the U.S. jobless rate threatening to fall below five per cent.”

On Canadian export to ever see such slaking unemployment numbers? Summerville says yes, but it will be a long journey, and

CHANGE IN GDP

Percentage growth in gross domestic product



sturdy in the bid of interest rates. And that, says John McCallum, chief economist of the Royal Bank of Canada, is more a significant impact on the domestic economy. Not only do lower interest rates stimulate investment, but they will get Canadian consumers spending again, McCallum says. “To suddenly say, contrary to all these other countries and all these other years, that in Canada in 1997 they don't work any more, is extremely unlikely to be true,” he says. He expects rising incomes and 700,000 net new jobs in the next two years, the net effect of the domestic recovery kicking into gear as the export sector has already done.

There have already been some key vital signs. Consumer confidence levels are, at last, rising. Residential car sales have broken new home sales have consumer spending on big-ticket items—stoves, refrigerators, Puller coaches.

Still, there are two rather large psychological barriers to consumer growth. Debt is one. Fear of job loss is another. On the latter point, McCallum believes that the economy is dawdling in past “my sense is that those will be in a diminishing phase because the Canadian economy went through a massive corporate restructuring and downsizing in the early '90s. But I think its intensity will be reduced. If we're right in thinking the economy will expand.” As with Summerville, McCallum lists a few caveats: that the U.S. economy not head into a downturn, that interest rates stay low, that the issue of Quebec separatism does not re-emerge.

And what of consumer debt, still at a historic high? Will Canadians simply refuel any cashflow pressures to credit card balances, mortgage debt and retirement savings? “What do you pay attention to?” asks McCallum. “How much you owe the bank or how much you pay in interest charges? I think what really drives consumers—and what drives bankruptcies—is not so much the debt itself, but the cost of servicing that debt.”

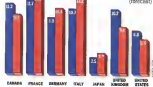
On that score, Canadians are unquestionably better off. “I'm not saying we're at the promised land,” says McCallum. “The young consumers had a tough time in the '90s, possibly the toughest time since the Depression.” Now, “I've seen a lot of months of solid job creation and rising incomes, people will start to think better on a roll.”

And it is not the same thing as a boom. With this recovery come to echo the booms of the 1980s? Summerville thinks not. “We had a slack, underbought economy at the end of the '80s,” he says. “People at parties called it the boom of the price of their houses than they did about their children. In 1988 what did you do? Sold your house and levered up, with the confidence that the \$225,000 house would be worth \$325,000. It was an economy based on increasing prices rather than increasing productivity.”

The mid-1980s, as painful as it has been, has the makings of a prolonged economic recovery. Summerville sees it as a healthier society. “Look at the conventions people have gone, not about cars, houses, but about capital flight for income tomorrow.” And anyway, he says, comparing the 1980s and now, “boom gave you booms.” □

UNEMPLOYMENT RATE

Percentage of the labour force unemployed



But that figure accommodates both the ongoing divergence of labor cuts in the public sector and the fate of Canadians coming back into the workforce as they see job prospects improve. Summerville's assessment echoes Ottawa's own expectations, including that of Finance Minister Paul Martin. There is nothing terribly inspirational about incremental change. Yet Canadians have experienced dramatic change, per-



Klein: *survived
his mad
'Nobels' better
place than it was
four years ago'*

King of Alberta

BY MARY NEMETH

It was a different world back in 1990. The Alberta government announced that year that it had run \$3.4 billion into the red—its eighth deficit in a row. Across the country, public concern about the level of public debt was mounting. But only a few governments were taking cautious steps towards deficit elimination. The Alberta government was not. This was before the Klein revolution. Almost immediately after winning Alberta's last election, nearly four years ago, Ralph Klein's Conservatives initiated a massive 20 per cent cut in government spending—while generally holding the line on taxes. They even made substantial cuts to once untouchable programs like medicare and social welfare. And with the help of booming oil and gas revenues, they ran up a budget surplus that could cover it all over \$8.3 billion this year. In the process, they rebalanced other governments—everyone from the federal Liberals to Ontario's Tories and even Quebec's Lucien Bouchard—to join the budget battle. Klein, says Jack Cline, an eco-

nomics professor at the University of Toronto, "sent the signal that being fiscally responsible was politically a smart move."

Soon, Klein will find out just how politically smart his policies really were—he is expected to call an Alberta election as early as this month. Although critics charge that he has tarried Alberta into a deadlock, less compassionate critics, the political winds still seem to be blowing his way. The Alberta economy is firing on all cylinders—always a happy state of affairs at election time. And according to an Angus Reid poll of 800 Albertans conducted last November, the Tories enjoy the support of 65 per cent of decided voters, while the Liberals have 22 per cent and the New Democrats 10 per cent. What is more, Klein's own approval rating is 70 per cent.

That has left the opposition gasping for a knock out. Liberal Leader Jean Charest agrees that the polls are wrong, that voters will make their choice in the last two weeks before a vote—and that the Greens have a good chance to force the next government. The New Democrats, who last September chose former MLA Paul Barrett as their leader, say they expect to make trouble. Meanwhile,

the huge budgetary surplus the government is expecting to apply against the province's \$4.5-billion net debt this year—a move backed by many Albertans—has at the same time prompted demands for a rethink of income programs and wage cuts. Bruce Cameron, a Calgary-based senior vice-president at Angus Reid, warns that any slip in the Tories' poll numbers as the election battle heats up could be perceived as negative momentum—which has the potential to stall out. But the party does not seem to be in any serious electoral danger. "It's not impossible," Cameron says. "But given the huge lead the Tories have right now, it looks very unlikely that they could lose."

That is a far cry from 1983, when the Liberals were widely thought to have a solid shot at winning the next provincial election. It was largely 300,000—who took over the Tory lead envelopment half a year earlier from the unpopular Don Getty—who swung the June 13 vote towards the Tories with his follow-up personal campaign style. The Conservative captured 44 per cent of the popular vote in 1983, just four points ahead of the Liberals but enough to capture 51 of 63 seats in the legislature. The Liberals took 32 seats. The New Democrats were shut out completely. Since then, three Liberals have elected to the government, and, knowing the current standings at 54 Tories and 29 Liberals.

This year, the Getts are hoping to capture on the distant, especially in rural areas, over 500 extra Tory seats. With critics already arguing VLBs—often referred to as electronic slot machines—on the grounds that they make gambling too readily available, the Liberals have promised to eliminate them. But the government may have little to argue at the moment if opposition polls last month when it announced that communities can vote to ban the machines while continuing to share in gaming revenues. Cuts to education and senior programs may also emerge in upcoming issues. And both opposition parties stand to gain from the most controversial cuts—those to health care—even in normally Conservative Calgary, where the impending closure of the Bow Valley Centre hospital, one of the city's major medical centres, has been a sore point.

In his memoirs, now available, as attempting to run on their record. In his annual televised speech last week, Klein boasted that government spending is under control, the deficit is being paid off, and more Albertans are working than ever before. "Alberta is in a better place than it was four years ago, thanks to your effort and sacrifice," he told the province. The Liberals' Mitchell counters that while budget balancing is great, "the question is how they have done it—and at what cost." Certainly, the province has made a different place than it used to be in the past four years, Alberta has privatised liquor sales and vehicle registration, cut the size of the civil service by 7,734 to 22,665, and reduced the number of judges and the deficit in housing paid off, and more Albertans are working than ever before. "Alberta is in a better place than it was four years ago, thanks to your effort and sacrifice," he told the province. The Liberals' Mitchell counters that while budget balancing is great, "the question is how they have done it—and at what cost."

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perceptions and dramatically reduced long-term funding—which was later restored. Government is now lower than it was—and many analysts say that while Alberta has just fine. "It fits with the overall, conservative mind-set of the provincial leadership at Calgary political scientist Stan Deschê. "An awful lot of people probably support the downsizing of spending. They may not have agreed with the priorities and amounts, but to a general rule they supported the idea."

Klein initially pledged that he would not ease up on spending cuts. And he was going strong until the fall of 1995, when the health care union, the Calgary-based Hospital Labour Union, went on strike in Calgary—over plans by the regional health authority to contract out their jobs. With the strike attracting wider support from a public increasingly concerned about health care, Klein stepped in and cancelled some health cuts—although he said his action was not linked to the strike. "That was the first time," insists Peter McCormick, a University of Lethbridge political science professor. "Now his eyes are on the strike. He's looking for a way to get out of it. In fact, during the first three weeks of a de-funding campaign, the government reduced the health budget by close to \$600 million."

But in the wake of several so-called reinvestment announcements, health spending is now just \$313 million lower than it was in 1993—1993, and last year the government announced that it will restore funding almost to the pre-cuts level by the year 2000. This clearly reduces some of the public pressure around health care. But critics called it "a ploy that the government is using to reduce the money you cut last three years ago," says McCormick. "You're almost admitting you made a mistake. On the other hand, if you just sit on the money, you look like a loser."

In his televised address last week, Klein insisted that the cuts were indeed necessary to control spiralling costs. And while he gave no hint of any dramatic new spending initiatives, he promised "constant monitoring and fine-tuning" of health care and said that he would "invest in the things the household needs". But he also insisted that "we must ensure that we never go back to the old ways of spending." His only concrete promise was to restore the creation of 155,000 new private-sector jobs by the year 2000.

Mitchell argues that his Liberals have a different vision for the future, one that "embraces people" and includes a commitment to proper health care and education funding. The NDP's emphasis is on keeping the Tories in line. After the first year of a new mandate, Barrett maintains, "they will privatize everything that isn't nailed down, they will deregulate everything possible, and they will get out of the business of governing—unless there is effective opposition." Against this, a scenario, it is difficult to imagine. "I am not going to line up with any plan as dramatic as the one they are implementing during their current term. Instead, the deficit revolution seems to be hoping that the electorate will give them the mandate to manage the books of the budgetary battle."



Karrot (left): Mitchell: *hoping to capitalize on voters' anger*

Premier Ralph Klein's Tories are riding high

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Battling on many fronts

Crises rock Montreal Mayor Pierre Bourque's government

In the corner of his spacious office, with a brilliant yellow flowering plant perched on his desk, Montreal Mayor Pierre Bourque enjoys a slight reprieve from the turbulence that has rocked his administration for months. Since Bourque, visibly shaken, faced reporters in November to deny allegations made by his former chauffeur that he had personally funded illegal campaign contributions, the mayor has latched on to one crisis to the next, including the protest resignations of five councillors from his Vision Montreal party in late January last week—much of which was treatable scold-free—a tri-fold look. Bourque acknowledged in an interview with Maclean's that the storm-piercing in City Hall was not a healthy one. "But it isn't having an impact on the city's work," Bourque asserted.

Not everyone agrees. While some opposition councillors say that the bureaucracy continues to operate relatively unaffected, others assert that the turmoil is having an impact on municipal government. And given the city's continuing economic crisis—including, among other things, an unemployment rate of 12.6 per cent compared with the national average of 7—Montreal clearly cannot afford a drawn-out political scandal. Note it: Gerald A. Ponton, president of the Montreal-based Alliance of Manufacturers and Exporters of Quebec. "It's very difficult to have the necessary leadership when control is easily to draw down at each other."

His leadership, in fact, suffered? Some observers point to last month, when Bourque was forced to call a planned trip to Asia as part of the Team Canada trade mission. Instead, he stayed home—to face the results of Quebec's chief electoral officer



Bourque with supporters; allegations of funding campaign contributions

Pierre-F. Clitz's investigation into the allegations by Maurice Beaulieu, who worked as Bourque's chauffeur during the 1994 municipal campaign, that the mayor illegally funded \$2,000 into the party's coffers during the campaign. Clitz ruled out buying charges against Bourque under the provincial Elections Act, noting that there was insufficient evidence of wrongdoing on the mayor's part. But the chief electoral officer took aim at Bourque's party, laying seven charges of illegal campaign funding against Vision Montreal. That brought to 242 the number of charges laid against the party and its workers under the electoral law since 1994—and also resulted in the resignation of Vision Montreal's legal adviser, Daniel Camus, who faces two of the charges

himself. And Bourque's missed opportunity to take part in the Team Canada mission—and personally lobby on the part of Montreal for valuable business contracts—left some critics upset. Said opposition councillor Marvin Roy: "If you have a successful Canadian team and everybody is represented—all the provinces and most of the major cities—Montreal's got to be there as well."

Electoral law violations charges, though, may be the lesser of Bourque's problems. He must also contend with the ongoing deterioration of the Vision Montreal party in January, while Clitz was investigating Beaulieu's allegations against Bourque, the mayor announced plans to fire two trustees from their posts on the city government's executive committee. (The eight seats were held by Vision Montreal councillors. According to Bourque, Suzanne Fortin and Pierre Goyer were trying to erode his authority. "They had their own agenda," said the mayor at the time, "and they

were not loyal to our decisions.") The mayor's move angers many Vision Montreal councillors—and was followed by a string of five resignations. Among them were Goyer and Fortin, who denied Bourque's allegations, and subsequently won a court injunction preventing Bourque from dismissing them from their jobs. That has left the mayor presiding over an executive committee striped in tension. And while the hemorrhaging from Vision Montreal ranks supports, for the moment, to have ended—the party still holds 38 of the city council's 43 seats—the possibility of further defections remains. "I know there are many councillors who are questioning their future," says independent councillor Robert Larivière, one of the few

who quit Vision Montreal in January.

Others wonder whether the ongoing scandal will divert Bourque's attention from key issues. Among them, the Quebec government's proposed new regional decision-making body for the Greater Montreal area. Peter Treit, the mayor of the City of Westmount, says that Montreal will have to be represented by a strong voice to ensure that the provincial government does not attempt to limit municipal powers. But Treit, who also leads the Cadresme of Suburban Mayors (which represents all Island of Montreal municipalities except Montreal itself), expresses concern that Bourque's political problems could prove to be a distraction. "If you're keeping pulling out, Treit observes, "you have to ask yourself whether you have the time left over."



Digging out in Montreal: councillors lead—as snow arrives late snow removal side

Bourque, who regularly puts in a six-day work week, discounts suggestions that his party's problems have affected anything other than morale. "I haven't changed my habits," says Bourque. "I'm doing the same work as before." Loyal Vision Montreal councillors have also come to his defence. At a news conference last week, they accused the media of exaggerating Bourque's problems. Calling the mayor an honest, decent man "who wants the best for the city," Vision Montreal councillor Sergio Zedler declared: "He's still a good man who's more than capable of doing the job."

That may be so. But wiled criticisms of Bourque can be heard outside of Montreal as well. The provincial minister responsible for Montreal, Serge Méneux, has generally

been viewed as a Bourque supporter. But recently he told a television interviewer that he found it increasingly difficult to work with the mayor. "I have trouble establishing priorities with him," Méneux said. Closer to home, critics charge that Bourque, the former head of the city's Historical Garden and a municipal civil servant for more than 23 years, employs a personal style that is much too authoritarian. According to opposition councillor Sam Boileau, some municipal civil servants who sit in on the closed executive committee meetings have complained that the proceedings "seemed to be like a long and his advisors back in the 14th century."

The mayor categorically rejects such criticisms and says he will continue to delegate authority. And Bourque's legalist Zedler has

seen as a civil servant. The mayoralty mayor has learned some lessons from the political storm. "What I take from this experience is the harshness of politics," says Bourque. Still, his ardor for the job does not seem to have waned, and he already talks about running in the next municipal election, which will be held in 1998.

On the streets of Montreal, during the city's winter of discontent, the public has been preoccupied with a more immediate issue: snow removal. Montreal was accented by its break response to snowfalls. But after two recent back-to-back storms—in which scores of pedestrians were hospitalized with broken limbs and other injuries—the city's singleness is clearing the streets has left people dismayed. While some suggest a link to the political troubles

at City Hall, most Montrealers attribute the problem to the cash-strapped city's recent decision to cut \$8 million from its \$48-million snow removal budget. According to André Larivière, the leader of the mayor's opposition Montreal Citizens Movement, the snow removal situation is "a very clear symptom of what's been happening in Montreal for two years." Montreal taxi driver Gilles Lortie, meanwhile, says that even tourists have noticed the deterioration. Lortie says that he has listened to many complaints from out-of-town visitors who see the cluttered streets and ask: "What is happening in Montreal?" It is a question heard all too frequently—and given the recent political upheavals experienced by the mayor, not only about snow.

RENEE BRUNSWEILL in Montreal

Pre-election jitters

Anties and animosity upset the Liberals' plans

I began with a party member of Parliament threatening to punch out an opponent across the floor of the House of Commons. It ended with a man bouncing his feet up the steps of the Centre Block and then entering the lobby an hour before more than 30 security guards subdued him as he shouted "I need weapons, guns, dead men, money!" Last week's media blitz, officiated by pre-election city sessions is over the country. But a sense of urgency lurks beneath the amiable, and often unpredictable, shenanigans that revolved around the announcement of a new election date. With 45 pieces of legislation before Parliament, and another 20 bills likely to be tabled before the new-wave House break that begins on March 24, the normal flow of government business is anything but ordinary. "We're on a very tight schedule," admits a senior Liberal adviser. "Because of a possible election, it's down to bang for bucks: fitting bills into slots where you know you can make some progress."

Justing from last week, the Liberals appear to be marching backward. Party strategists were prepared for opposition attacks over the government's integrity on budget items, such as the impending end of the Somalia inquiry. In fact, Finance Minister Paul Martin pushed up the announcement of Feb. 18 budget by a week to grab the spotlight from the Reform party's plan to open the spring session with attacks that included stacking the public gallery of the Commons with hecklers. What was unexpected were the anti-party Liberals appearing where where were expected to be serene faces of legislation, some in the weeks since 1993—and some of which may not survive if an early election is called. Among them:

- The anti-tobacco advertising act (C-71). It may be anti-politico to protect Canadians from tobacco, but MPs from all parties are taking it to the House. David Desautels' tough legislation. Cultural and anti-tobacco groups say that the proposed ban on financial sponsorship from the tobacco industry

could well mean the end of such events as Montreal's just-for-Laughes comedy festival or Toronto's Just-for-rice. The alliance grew to be potent, making any order come from Christ's office to drop the bill from last week's parliamentary business after Quebec politicians took up the cause for cash-strapped Montreal, which stands to



Guy Carleton: 70 amendments and a rebuke to anti-tobacco Liberals

lose an estimated \$250 million a year in tax dollars if tobacco-sponsored events die. That forced a wilyly channelled Desautels to hint last week that he would rather have his bill before it reappears for final reading. "Canadians don't care if we come down hard on the tobacco industry," said one senior Liberal strategist. "But take away their Grand Prix and they raise bloody hell."

- Amendments to the Copyright Act (C-32). Viewed as a by-product of a cultural copyright, there is nothing that emboldened Heritage Minister Sheila Copps would have done to win a point for struggling artists—and herself. Maybe that is why, but December, she dropped 70 last-minute

amendments to the Copyright Act on a parliamentary committee that had already waded through 80 amendments of its own. Copps's changes would force broadcasters to pay more to artists for use of their work, as well as fees for the right to copy that work onto hard drive or tape. Blue Quebecois MPs opposed the increased measures because they would benefit the larger Quebec artists' community. But Reformers and some Liberals think the law goes too far—at the expense of small broadcasters that cannot afford higher fees. Last week, Ontario Liberal MP Brenda Chaudhury tabled another 22 amendments—and re-buffed Copps for playing to the interests of Quebec. Warned Senior Liberal MP Roger Galewitz: "This bill is never going to make it without some changes."

- Amendments to the Divorce Act (C-44). The Liberals thought their troubles in the Senate were over when they cracked the Tory majority in the upper house last September by bringing their total to 51 seats, one more than their coalition then. They did not count on a December reversal in Liberal ranks that led to the defeat of government legislation, now in limbo, to limit damages to developers for the 1995 cancellation of the privatization contract for Toronto's Princess support. Nor did they figure on Liberal Senator Anne Cools, who threatens to do the same to Justice Minister Allan Rock's amendments to the Divorce Act. The changes include a clause that would give Ottawa the power to revoke the passports of defiant debtors. Cools says the proposals would be too hard on fathers, aides say Rock, who presented the bill would be crushed by May 1, a possibility. As for fathers' rights advocacy groups, the prospect of a delay or possible defeat of the legislation makes them—by the words of Bruce Virgin of Toronto-based In Search of Justice—"happy as pigs in mud."

Party Liberal MPs are already taking steps in anticipation of a whole new round of legislation that some party officials fear will have an unexpected side effect on internal differences. For one thing, southern Ontario Liberals are possibly marshalling arguments in defence of local industrialists prepared to fight Environment Minister Sergio Marchese's proposed revamping of environmental laws. With an election looming, such incoherence might be perhaps predictable as MPs play to the interests of their constituents. But they may also cast farther doubt on the ability—and commitment—of the party to deliver on its promises.

E. RAYE FULTON is in Ottawa

Canada NOTES

WAR CRIMES MISGUE

Federal Court of Appeal Judge Paul Rouleau became the second judge forced to withdraw from a deportation hearing for alleged May 1968 Montreal sniper Ennio Roberto Jolani Darwish and Helmut Oberlander, Nadeau withdrew because he acted as prosecutor about court scheduling without calling the defence. Last year, Associate Chief Justice Jeanne was removed from the case after a federal judge told Chief Justice Jolani that he was dropping his bid. Meanwhile, the Grace Wauson Court is asking Canada and Germany to investigate former members of the Nazi Waffen-SS who, according to German television, are living in Canada and receiving German war pensions.

'UNIMPORTANT'

According to a 1994 report filed with the Somalia commission, Col. Serge Labbé, the top Canadian commander in Somalia, told a 1993 closed-door inquiry that a fatal shooting and the birth-death of Somali teenager Shadan Aweil in 1993 were, "in the overall scheme of things, unimportant." Labbé, who at week's end began his testimony before the Somalia inquiry, told the three commissioners that 15-year-old Aweil's beating death was "a terrible incident."

TUTION HIKE

Ontario's Education Minister John Snobson announced that universities and colleges will be allowed to hike fees in 1997-1998 of 10 per cent per year, with maximum hikes of up to 20 per cent for any individual program. Snobson stipulated, however, that 30 per cent of the increases must be set aside for student loans. The new fees are expected to rise up to an additional \$14 million this year.

BROWN TO RUN

MP Jan Brown says she has decided to take on her former boss, Reform Leader Preston Manning, in his Calgary Southwest riding. Brown was elected as a Reform MP in 1993 in Calgary Southwest, but left the party and became an independent after being suspended for saying Reform is too extreme. Now she will seek the Tory nomination to set up a high-profile showdown—one that Brown says she intends to win.

Decisions on three big issues

Euthanasia, sexual abuse and education for the disabled—three contentious issues, and all of them touched on by the Supreme Court of Canada last week. In the case of Robert Latimer, the court ruled unanimously to set aside the Willie Seik, Latimer's 1994 second-degree murder conviction for the 1980 death of his 12-year-old daughter, Tracy, who suffered from cerebral palsy. The court ruled that Latimer was not guilty of killing his daughter by carbon monoxide poisoning in order to end her suffering—should face a retrial. The justices said it was "nothing short of a blatant abuse of process" when a prosecutor in the case instructed juries to draw prejudicial inferences on how they felt about every killing. But the court also ruled that his confession, which he gave to police before receiving legal counsel, will be admissible as evidence at his retrial.

In a 3 to 4 split decision, the court also dis-



Latimer: Tracy Seik: 'blatant abuse of process'



miss a charge of gross indifference against Nick Caccarella, who was a teacher in Windsor, Ont., in the 1960s when the alleged incident occurred. The case was thrown out because a rape crime centre destroyed notes—later discredited by the defence—taken during a 1982 interview with the woman who made the accusation to police. But the ruling raised the controversial issue of just how much material is to be disclosed in sex cases.

Writing on behalf of the dissenters, Justice Charr (Liberal-Quebec) ruled the decision and said the defence was merely on a fishing expedition. The reasoning employed by the majority, Justice Dubé said, "goes against the grain of this court's charter jurisprudence and is contrary to basic underlying values of the criminal justice system actually operates."

In a third case, the court unanimously ruled that placing a disabled child in a segregated classroom is not discriminatory so long as it is done in the child's best interests—even if the parents object.

The shredding case

First came the reports of shredded documents. Then, last week, Ottawa called in the RCMP along the Mounties to investigate the destruction of transcripts and tapes of meetings held by the Canadian Blood Commission, the anti-defect government body that supervises blood supply between 1980-1989. During that time, thousands of Canadians contracted the AIDS virus and hepatitis C from tainted blood. Ottawa's request was triggered by a report last month from Information Commissioner John Grace, who concluded that the records were destroyed in 1988 to thwart the public's right to information. In the Commons, Health Minister David Leggett said all documents related to Grace's report have been forwarded to the RCMP.

The controversy surrounding the Canadian Red Cross Society also deepened last week. The charity revealed that tag-team—not those who make donations—are paying millions of dollars in legal bills generated by the society's efforts to prevent HIV. Bruce Kivner from senatorial status on his final report on the blood inquiry, due at the end of April, Outspoken Liberal AIDS activist Janet Carson and she was suggested that the Red Cross has accrued to public funds for its court battles, while the may have to sell blood to raise money for her legal fight.

Making O.J. Simpson pay

A jury hits him with multimillion-dollar damages for wrongful death

There were 1,811 murders in Los Angeles County in 1994. But for much of the past three years, just two of those killings have riveted the attention of the American media, the public and legal experts—not to mention the families of the victims. Last week, finally, five cases of Nicole Brown Simpson and Ronald Goldman, killed in a brutal knife attack on the night of June 12, 1994, stumbled towards some sort of conclusion. After 17 hours of deliberation, juries in the civil proceedings against O.J. Simpson found the 40-year-old former football star liable for the deaths of his ex-wife and her friend, Goldman. The penalty, not arson, rape, but money, as the jury awarded \$11.5 million in compensatory damages to Goldman's divorced parents, with perhaps millions more to follow in punitive damages for both victims' families. "Thank God for some justice for Ron and Nicole," said Fred Goldman, Ron's father. "This is all we ever wanted."

Brown words. The saga of O.J. Simpson has been about a lot of things—celebrity, media hype, money—but justice has often seemed an elusive commodity. By conservative estimates, the case has spawned more than 30 books, by everyone from backwashers to former Los Angeles police detectives to jury expert Faye Resnais. In its criminal incarnation, the trial of the Century proved a ratings bonanza for U.S. television networks—and even a non-televised civil counterpart stole the media spotlight last week from President Bill Clinton and his state of the union address. The criminal trial ended the country's racial divide—and the civil trial did nothing to close it. The so-called original legal proceedings themselves, nonetheless, which began with Simpson's arrest in June 1994, are probably still far from over. In the end, it remains an open question whether last week's verdict resolved much at all.

The civil action, brought against Simpson by the Goldman and Brown families, was in a different trial than the one in which he was acquitted of criminal charges in October 1995. Gone was Lance Ili, the self-appointed judge widely criticized for allowing defense plays



Simpson after verdict (left) Fred Goldman with Petroselli (top left) and family for first ever

and seemingly endless motions to bog down proceedings. In the civil case, Judge Hiroshi Fujita barred TV cameras from the Santa Monica courtroom, and he consistently prevented either the defense or the plaintiffs from getting off track—one of the reasons the latter trial took almost six months, whereas the criminal proceedings dragged on for more than a year.

Perhaps more important to the outcome, however, was the composition of the jury. In the criminal trial—where Simpson's "dream team" of lawyers argued that their client had been framed by racist cops—the panel was drawn from mostly black jurors in Los Angeles, and nine of the jurors who eventually acquitted Simpson were African American. The civil jury, by contrast, was drawn from predominantly white Santa Monica. Of the 12 jurors who unanimously found Simpson liable, none were black, although one was of mixed race.

The civil jury also had vastly different evidence with which to reach their verdict. And little of it worked in Simpson's favor—although his own testimony, required in a civil proceeding even

though he declined to take the stand during his criminal trial. For one thing, Simpson denied ever owning a pair of size 12 Bruno Magli shoes, the type whose sole's bloody fingerprints found near the victims' bodies at Nicole Brown Simpson's South Beverly Drive condominium. But then the plaintiff's legal team, led by corporate lawyer David Petroselli, produced 31 photographs of Simpson wearing exactly those shoes in a football game nine months before the murders. Perhaps even more damning from Simpson's testimony was his absolute denial that he had ever hit Nicole—even though he had pleaded no-contest years before to doing just that, receiving a suspended sentence for assault in 1989.

In mounting their defense, Simpson's lawyers, led by veteran civil litigator Robert Baker, faced an uphill battle. There was a mountain of existing DNA and blood evidence linking their client to the crimes, as well as new evidence—including results of a lie detector test that Simpson failed miserably days after the killings, and testimony from eyewitness Paula Barbieri that she broke up with him on the morning of the murders. The defense team was also handicapped by Judge Fujita's disallowance of any testimony involving former police Det. Mark Fuhrman. In the criminal case, Fuhrman's out-of-control lies provided the backbone of the defense. Without Fuhrman, the defense claim that blood found on Simpson's vehicle and around his Buckingham estate was actually placed by L.A. police lost much of its impact.

The jury, at its rate, was clearly not convinced by Simpson's version of events. But their finding a liability in the civil case—and the

amount) Some commentators, too, have suggested that Simpson be charged with perjury—as Fuhrman was after he lied under oath about never having used racial epithets. Laurie Levinson, an associate dean at Loyola Law School in Los Angeles, says such a charge is unlikely. "My reaction is don't bail your friends," Levinson adds. "Obviously, the jury thought O.J. wasn't telling the truth, but the man is likely to be a pariah—and that is probably the best punishment now."

The most enduring legacy of the Simpson trials may have nothing to do with courtrooms and legalities, but rather with black and white. Outside the courtroom following the verdict, many in the largely white crowd of about 2,000 broke into a spontaneous mob. One of the pop anthems 89 Ape the Champions wore the Goldman family left the building. In South Central Los Angeles, 80-year-old pensioner Lee Johnson fanned to reporters about "all of them whites" who were out to get Simpson. "He could have got a better trial in Mississippi," Johnson said. Polling among the two races last week reflected those sharply divided attitudes, and was depressingly predictable: four-fifths of whites said they believe Simpson is guilty, while less than a third of blacks did. And in truth, Simpson's saga has become a painful play about race in America—even though the star, who in his glory days rarely if ever spoke out on behalf of African-Americans, was hopelessly racist. No matter. The play goes on.

JOE CHIRKEY with ANNE GARGON in Los Angeles

88 million awarded to Goldman's family—were only the first steps in the calculation of damages. At week's end, the jury entered deliberations to assess punitive damages, intended to punish Simpson for the deaths of Goldman and Nicole Brown Simpson, but not—through a decidedly strange legal technicality—for causing property damage against them when he committed battery. Simpson's lawyers claimed that he is \$12.6 million in the hole—and that the jury should award nothing in punitive damages. The plaintiffs, on the other hand, claimed that Simpson is worth at least \$21 million—estimating that he can still earn between \$2.7 million and \$4 million a year from book deals, signing autographs and through the sale of undermarked paraphernalia. (Among the phrases that the plaintiffs claim Simpson has already applied to trademark: "Team O.J. justice for all.")

Even after the civil suit officially ends, the legal battle is bound to continue. For one thing, an appeal is almost inevitable, although some legal experts doubt that a higher court would dare over turn the civil decision and risking being seen as pro-Simpson. Meanwhile, Simpson is fighting a battle in another court, the national grandparents of his children—13-year old daughter Sydney and eight-year-old son Justin—are appealing a family court decision that grandchild custody last year. (The Browns' attempt to win interim custody of the children pending their appeal was thrown out of court late last



Bob Levin

Fixating on fame, race and, oh yes, justice

Four months into the first O.J. trial, in an age when products like Kato Kaelin walked the earth, the conventional wisdom in Los Angeles was that it would end—*it'll* over end—on a bang: say, "It's just a matter of time and enough of either kind of incidents can happen to make the mess seem more interesting," said a disgruntled Mervyn Dineen, a marketing agent for the Ontario Film Development Corp. in Los Angeles. "And it's really and that Americans are so obsessed with celebrity. The most audacious, raucous celebrity gets held in higher esteem than a rocket scientist or a journalist or a doctor or anything. It's frightening."

At the time, Emilio was showing a visiting reporter around town, specifically a Beverly Hills club of the sort O.J. and Nicole must frequent. The club, it happened, was partly owned by *Baywatch*'s Pamela Anderson Lee, and while the star wasn't in attendance this night, the lounge was packed with Pam wannabes—sleazy young women fanned over by tanned older men and flouting swatches of gruffly defying cleavage. Much lip-synching. Much back stage, no audience talk, stars being the post. If they were scanning a long line to which to explore the shallowness of American culture, this was your place.

More than a year and a half has passed since then. That first party defied the signs and declared itself a publicity stunt. The night, says Emilio, was a party. And last week's second jury this one in a civil trial, found him liable for the very same murders. Different juries, different evidence, different herds of proof—different verdicts. And while full-blown O.J.-mania had plainly passed—the plotline was essentially unchanged, after all, and the civil trial wasn't even televised—the public remained fascinated by the life of this celebrity-kill-kid, a man, a woman and a sponsor. "In America," says Emilio, "a man, a woman, a sponsor who has now lived 13 years in the States, they love to build their heroes up, and then they have to watch them die. This is about the fall of an American hero."

Which is why, for all their blame posturing (and someone must be buying all those O.J. books—millions have been sold), Americans were invited to their TVs last Tuesday night, enduring Bill Clinton's 10 Principles of American Education to learn whether the 12 Peers of American Jurisprudence would at last bring O.J. down. This is a low-key story that even headlines couldn't resist, thank as it is with murder, adultery, betrayal and other tough Shakespeare words about. And of course it has celebrity, that American specialty. Pick up a recent copy of *People* magazine. There are the usual suspects: Eddie Murphy, Mel Gibson, Sharon Stone, Tom Cruise, Princess Di. What's a third? Someone named *Mindy Geringer* riding her mountain bike for her 15 minutes of fame. This is a great democracy at work. For every trendy Tarps Harding, who was it

least a well-known slacker before a hard job bashed her job's loose, there's a Lorenza Bobbitt, who showed her way into the limelight. For every Bill Clinton, who has mastered Dina's lip-sucking and Oprah's attentiveness, there's a presidential father, a Jennifer Flowers or Paula Jones.

No act is too outrageous or taste too low Dennis Rodman may be a skilled referee of wagnerian basketball, but he became a pop-culture phenomenon only after he dated Madonna and feasted Al Pacino's slacker and leather boy. Bill Cosby may be America's Dad, but after his son, Ennis, was diagnosed down on an L.A. roadside, the comedian ended up confining to a language class with a woman whose daughter

claimed Cass as a father. Americans were shocked, shocked. Basil the hero up, watch him fall. And all, by the way, has anyone figured out who killed Bruce? Yes, justice: remember justice? That's a large part of the O.J. obsession, too. And that's where that old American word—race—has led some justice may be blind but the jurors who meet it out most definitely are not. When the criminal trial ended 16 months ago, the majority of black Americans cheered the not-guilty verdict of the mostly black jury, who bought the defense's line of police incompetence and corruption. The intent of white Americans thought O.J. got away with murder. They did their cheering last week, too. In a sense, the most by white and jury evaded the score.

It's an imperfect record, sure, but at least it's something—and there does seem to be a basic human need to see justice done. In Toronto this week, Gattuso will open its official inquiry into the wrongful conviction of Gary Paul Mann, who was finally cleared in 1995—thanks to DNA testing—after serving 18 months in jail for a sex-slipping he didn't commit. And last week in Cleveland, a man of lawyers and ironed pants, who was serving DNA evidence, charged that Dr. Sam Sheppard—convicted of killing his wife in 1964, that year's Trial of the Century—was in fact innocent. Sheppard had been behind bars for a decade before the Supreme Court decided the circus-like atmosphere had polluted the first trial, and while a second jury acquitted him in 1966, he died four years later under enough of a cloud that he has barred the experts to clear his name. If the case sounds vaguely familiar, with it for the Sheppard story was the basis for the TV show and later movie, *The Acapulco*.

Secondly the Simpson case will be, of course, and historians will tell us what it all means. But for now it's the brain over—the jury may well be an appeal. And the last step on coming. The L.A. police's two chief O.J. investigators have just published a book. Simpson's ex-girlfriend is writing one, and so is prosecutor Marcia Clark. Ron Goldman's mother has signed with a porno company. And on and on. Race and Nicole are still dead.

The smoke clears

Milosevic grants the opposition's key demand



Draskovic (left), Pusic and Draskovic in Paris; Milosevic (right) smiling

Throughout Serbia's prolonged crisis, President Slobodan Milosevic had vacillated between limits of compromise and shrill denunciations of his opposition foes. Then last week when a crowd tilted to march across the main bridge linking old and new parts of Belgrade, the breaking point came. For the first time in nearly 80 days of mass antigovernment demonstrations, police used water cannons against protesters who were demanding an official ban on marching. An officer armed with automatic weapons stood by the caps fired low and bashed out with night sticks, inflicting up to 100 people it appeared that a headless herald crackles was under way. Yet a day later, the smelter truly cleared. Surprising swing of his opponents, Milosevic finally recognized opposition victories in local elections across the country last November and ordered the government to renege the results it had snatched. Even so, many observers now believe Milosevic's days are numbered.

Frederick said, yes, the concession came too late to undo the huge changes in Serbia so easily wrought by the unprecedented street protests. Leaders of the Zvezdara (Together) opposition coalition called for an end to the demonstration—effective when, or if, par-

liament approves the reinstatement of this work. But they vowed to fight on for wider democratic reforms, such as freedom of the media and independence for the courts. They also remained wary. "This is a good first step, but we have seen cracks before from President Milosevic," said Zoran Djindjic, a key Zvezdara leader who will become mayor of Belgrade if the government follows through. "I don't think this is the end," added coalition partner Vuk Draskovic. In Paris, where they and the third Zvezdara leader, Vuk Draskovic, were drumming up international support. Some followers wanted to continue the street action until all goals are met. "It's good that we are winning," said one of the demonstrators, summing up the mood. "But I will miss all this."

Some commentators are the president's cheerleaders as the triumph of moderates over hardliners in the governing coalition. Others cautioned that after months of indecision, Milosevic had decided the cost of continuing intransigence was just too high—especially in lost support from the international community. "The disputes over local elections, especially in Belgrade,

have caused as much damage to our country both at the domestic and at the international level," Milosevic wrote in his letter to the government. "It is high time we resolved this problem in the highest interests of our people."

Until then, Milosevic had announced almost silent on the crisis. "He is a man who does everything too late," the president's former adviser, Zvezdara Trnjakovic, told a Belgrade newspaper. "He does not like to declare his position on anything. But when driven into a corner, he can think swiftly and concisely on important momentary decisions." Trnjakovic said that as the crisis unfolded, there was no one in the leader's circle who would outlast him with the need to act. "President Milosevic does not like to hear bad news. Everyone close to him knows this."

But there is more bad news coming. Former Belgrade police chief Miroslav Vucelja, a senior official in the ruling Socialist party coalition, and he was having independent and knew of crimes who were thinking of forming a new breakaway party. "This man has betrayed the Socialist party," he said. It was certainly a political humiliation for Milosevic, hardly offset by claiming victory the same week against "terrorists" in Kosovo province, where Slobodan's rule is increasingly hostile Albanian majority.

In fact, the Zvezdara victory has created an optimism that is spreading over other Balkan nations. After a month of protests in Bulgaria aimed at ousting the ruling Socialists, President Peter Stoyanov last week asked 50,000 respected opposition leaders, Socialists, Socialists, to become his new prime minister. That is seen as a first step in overturning the ruling elite of former Communists. And in the Albanian part of city of Vlorë, nearly 50,000 people massed after losing elections in the fifth year of the ruling Socialist government. Some members of the opposition across the ruling Democratic party of voting promised to finance its dubious reelection last year.

In Belgrade, the opposition's challenge is to exploit their new advantage and mount a serious challenge to the Socialists in elections later this year. They have won the capital and 15 other city councils. But local administration are starved for cash, and raising them without national help will be tough. Still, with the councils come state-run local radio and television stations, giving the opposition a chance to break Milosevic's virtual media monopoly. Even the president's inner circle can get a new air tonight. Milosevic's constant go for new air was Serbian president's "a Socialist leader said. "The cities would erupt. For the first time, we can think of a future without him."

PAUL WOOD in Belgrade

The witch's brew

Like many a good story from Latin America, there is a witch in the tale—a mysterious woman with psychic powers and a wand made of dried quince jelly. Francesca Zelma Chavez is her name, but she is better known in Mexico as La Paca, a local sagekeeper often bestowed upon clairvoyants. She was a mistress of fate last October when, guided by her "visions," she led police to a battered corpse buried in an unmarked grave on a macho outside Mexico City called, fittingly, El Encanto—The Enchantment. Ever since, she has mesmerized Mexicans with the part she is playing in an unfolding melodrama—a brutal chronicle of high intrigues in high places, blackmail and betrayal, fraud and murder.

The corpse in the grave lies at the center of things. When police dug it up four months ago, La Paca claimed that it was the mortal remains of Manuel Muñoz Rocha, a missing Mexican congressman widely believed to have orchestrated the 1988 assassination of José Francisco Ruiz Maza, a second-in-command of the country's ruling Institutional Revolutionary Party. La Paca maintained Muñoz had been kidnapped to death with a baseball bat. What is more, she passed along to police an anonymous letter suggesting that the author of the crime was the owner of El Encanto, Raúl Salinas de Gortari, the jailed brother of deposed ex-president Carlos Salinas de Gortari.

La Paca's revelations delighted the Mexican federal authorities, in particular Pablo Chapa Rosencelli, then special prosecutor in the attorney general's office. Until his dismissal last December, Chapa had spearheaded the effort to link Raúl Salinas to the murder of Ruiz Maza, Ruiz's own brother in law. It was Chapa who sent Salinas to jail more than two years ago to await trial on charges of, among others, masterminding the assassination. And it was Chapa who described the cadaver in the unmarked grave as "conclusive" proof of Salinas's guilt. According to Chapa, Salinas had purchased his old crony Muñoz in order to take care of any loose threads that might eventually tie him to the demise of Ruiz Maza.

For a time, it looked as if Salinas might well spend the rest of his life in a federal penitentiary, thanks largely to La Paca. But last week, the tables suddenly turned. La Paca was arrested and thrown into jail, facing a maximum sentence of 28 years on charges connected to an attempt to frame Salinas. Joining her were seven accomplices, including former members of Chapa's staff as well as María Bernal, once a mistress of Salinas. As for Chapa, after failing to respond to two



La Paca, Raúl Salinas (left), fraud and betrayal



A political murder mystery deepens over a planted corpse

summonses to testify about his role, he was declared a fugitive from justice.

It turns out that the corpse in the unmarked grave was not Muñoz but, rather, the father of La Paca's son-in-law who had been killed in a brawl in 1993. The accusations latter implicating Salinas had been generated by an accomplice of La Paca's, police charged, with the assistance of Salinas's Spanish-born co-accusers Bernal, who was apparently eluded after being jailed by the former president's brother. And if Mexican authorities are to be believed, the person behind it all was Chapa, who distributed some \$5 million pesos—\$600,000—it is believed to

win the co-operation of La Paca, Bernal and a pair of the witch's relatives.

From jail last week, La Paca denied that Chapa was responsible—and accused Raúl Salinas of engineering the whole thing from his prison cell. She said she had been blackmailed by the ex-president's brother, who had coerced her through rape by kidnapping her daughter. The net, said La Paca, was to discredit the entire investigation into Salinas's links to the murder of Ruiz Maza.

Presumably that night spent in jail was not a scenario that was being discussed out of hand in Mexico City last week. "Raúl wherever could conceivably manage to clear him of those murder charges by proving that he was framed from the start," said Carlos Canchago, an analyst with the Mexican Institute for Political Studies. And that remark would prove to be what Canchago termed a "godsend" for the PRI, the Spanish acronym for the ruling party.

In July, mid-term congressional elections are scheduled, and widely billed as the first truly democratic vote in Mexico's modern history. If current polls are any indication, the PRI is in trouble, in no small part due to Raúl Salinas's legal woes as well as those of his brother Carlos, now in self-imposed exile in Ireland and himself accused of involvement in the March 1988 murder of former PRI presidential candidate Luis Donaldo Coloso.

"Salvaging the reputations of Raúl and Carlos Salinas is the predominant political threat in current events," noted Congressman Alejandro Rojas, an independent who recently broke the ruling party "it could turn the tide for the PRI."

Adding weight to that sort of speculation is the fact that Chapa's former boss, ex-attorney general Antonio Lorenzo Gómez, is a member of the opposition National Action Party, the PRI's main electoral threat next summer. Like Chapa, Lorenzo was fired last December. "I'm sure that my public coaches and that of my collaborators will be partly valued by society," said Lorenzo in the wake of La Paca's arrest, "since we are beyond electoral interests."

But whatever the underlying motives, the latest episode in Mexico's melodrama has certainly managed to capture the attention of the country. Last week, a bearded Carlos Puiguel, one of Mexico's more celebrated authors, was moved to ask, "What can a lawyer invent that could top this?" What indeed.

BARREY CANE with
JAY JOHNSON in Mexico City

MAKING THE RIGHT MOVES PART THREE

The Buyers Guide



Mutual Funds

WITHOUT
A GAME PLAN,
IT'S HARD TO MAKE
THE RIGHT MOVE.

Mutual Funds can be an excellent way to diversify your RRSP investment portfolio. But with so many on the market these days, picking the right funds for your particular needs takes planning, knowledge and experience.

Since 1968, Regal Capital Planners Ltd. has been helping Canadians plan for, and achieve, a life of financial security. And because all Regal Professionals are independent investment consultants, our recommendations are based solely on what we believe is best for you. So before you invest another dollar, invest a little time with a Regal professional. Our consultation is free - our advice is available. Consult your telephone directory for a local listing, or call our toll-free number



There is one overriding fact dominating the financial services industry today - the same overriding fact that affected schools and churches in the '70s and '80s and the real estate market in the '70s and '80s. By the year 2006, 9.6 million baby boomers will be between the ages of 48 and 60, the prime time for savings and investment.

These numbers are already having a profound impact on investments available for RRSP savings. As demographer David Foist explains in his book *Booms, Busts and Booms*, until now baby boomers have been primarily concerned with paying

off their houses, together with clothing and feeding themselves and their children-as they grew older they will have more disposable income to invest. And more reasons to invest if they feel no retirement approaching rapidly and at the same time their trust in government and company pension plans is fading. Banking institutions, mutual fund companies, brokerage houses and other investment advisors all know this, and are making new potential investors have access to a wide variety of attractive products.

But there are some other trends to be kept in mind when purchasing RRSPs. For example, people buying houses and raising children create a big demand for money they can borrow, which helps put interest rates up. But people whose mortgages are paid off and whose children are close to adulthood don't need loans - they need growth-oriented investments. In other words, don't expect to see interest rates dropping up again any time soon. Stock markets, however, should continue to rise-and possibly become more volatile as major investors drive the price of Canadian stocks up.

That's the prediction, anyway. Economists are not infallible, but it's certainly true to keep the potential for large shifts in mind as you survey the range of products available for RRSP investing.

Fixed Income and Deposits

Now that the RRSP season is here again, bond and fixed income investors, who traditionally feel more comfortable with fixed income investments are looking restless. Forgoing our conservative, bonds and trust companies are continuing to develop more flexible term deposits and Guaranteed Investment Certificates that offer better opportunities for growth along with the traditional security of fixed interest. Some include the option of getting out of your rate of return falls out of step with changing trends. For example, the Bank of Montreal's popular RATE-Rate, available for three and five years, gives investors an increasing guaranteed interest rate each year, and the money can be withdrawn in other bank products on particular maturities if the pricing looks better.

Many GIC customers are looking at equity-based hybrids. Several, such as Scotiabank's two-year stock-indexed GIC are based on the ups and downs of the Toronto Stock Exchange. Earnings track the blue-chip Toronto 35 Index, and you have the security of knowing you can't lose - your principal is guaranteed if the index goes below purchase level. CIBC's new Stock Market Advantage GICs have terms of three or five years, your principal is protected, and there is no cap - if the 55 index rises, your earnings will rise right along with it. The return at maturity is calculated on the month-end closing levels through the last day of the term.

Vancity Savings has been selling its five-year TSE index-linked RRSPs since 1994. This year it also has a brand new

Last Minute Tip

It's RRSP Day and you haven't done your research. "If you're unsure where to put it, look for a flexible investment where you can get the tax deduction and decide what you want to get a little later," says David Shaffner, market manager for direct products at FirstCity Savings. It's good place to put the cash - but only if it's a money market fund. These funds have a short-term money life and other forms of debt. How much you'll make depends on what's happening with interest rates, but you'll get what-

ever return on your money that will not only short-term investment, a daily interest saving account, for example, with virtually no risk and you can access it at any time. Plus, most money market funds have no "load" or commission. If someone asks to sell you a money market fund that does have a load, try to get a better deal at a shop elsewhere. (Don't put your commission fees out then forget about it, though. Over the long term, a interest rates fluctuate, money market funds don't offer good growth.

"TRADERS" PROFILES

Canada's investment industry has its share of stars, not one of the best-known players work, not on Bay Street, but over the phone. He asked the investment leaders on Global's *Hot Money* how they have built their RRSP portfolios. (We take no responsibility, however, for the accuracy of financial data.)

SALLY ROSS senior partner, Golder/Knox

My strategy? Always deposit the limit I'm eligible for at the beginning of the year. Every day I see how volatile and unpredictable the markets are, so I've decided to stick with fixed income investments and stay away from equities, with a few exceptions. The only stocks I have are

strong ethical investment mutual funds. I don't own my own money in companies that have questionable labour practices or do business with repressive regimes. It's a personal choice. But I'm convinced that my RRSP is growing too slowly because I don't have enough equities. So I've found an investment counselor who shares my values, and I plan to move more into equity mutual funds this year. Then I'll be in a comfortable way for me to invest in the market.

"TRADERS" PROFILES

ADAM CUNNINGHAM

senior partner, Gurdian/Eton

The key to managing your RRSP is to know yourself. Know what kind of investor you are, the risk you're comfortable with, what your ultimate goals are. Then come up with a strategy that will get you there. When I started my first job after college, my fellow co-ops set up with me. I met advisors who came up with a plan. I've worked at several times over, and I never hesitate to get a second opinion from a professional. At the same time, I also believe investing should be fun. My diversification is more risky than would suit most people, and I always have something a little speculative. Right now it's precious metals funds. But I don't recommend this to anyone who doesn't have a solid understanding of the markets and their own comfort level. Out of curiosity, what did Jack say?

Global Exposure index-linked RRSP that's based on North American, European and Pacific Rim stock market indices. Scotiabank's new G-7 Stock Index (GIC) is based on the performance of the Group of Seven countries. Profits are capped at 30 per cent with an option to lock in after two years of the three-year term.

Bank of Montreal's Midstream Savings Portfolio is 58 per cent GIC, 50 per cent dividend income and bond funds. "To help people who are used to GIC's and don't want to make the big jump into mutual funds," says Bank of Montreal vice-president, personal deposits, David Schmitt.

From the federal government is getting into the marketplace with the introduction of the Canada RRSP Bond, which will be on sale from February 3 until April 1. Designed to help Canadians save for retirement with a guaranteed longer term, fixed-rate investment, it has many features that are similar to Canada Savings Bonds. The Canada RRSP Bond can be bought at authorized sales outlets such as banks, investment dealers, stockbrokers, trust and loan companies, credit unions and other financial institutions. RRSP application forms can be picked up from selected financial institutions, downloaded from a website (www.cra.gc.ca), or obtained by calling 1-800-315-5150.

Meanwhile, there are still the other, less familiar fixed-income investments such as government, corporate and international bonds, mortgage-backed securities, strip bonds and international government bonds. If you are uncomfortable dealing with these instruments on your own, you can invest in them through mutual funds.

Equities and Mutual Funds

Mutual funds embrace the problems and entry of the new funds

WHAT DO WOMEN INVESTORS WANT?

Women are currently the largest growing group of RRSP contributors. In 1999, 560,000 women put \$358 million into RRSPs. In 1992, 2.1 million deposited \$535 million. "There's a whole market of professionals that weren't there 20 years ago," says Linda White, associate director for training in private client financial services at Scotia McLeod.

In response, many financial services companies are focusing on women as a market that should be developed and offering workshops and information designed for them.

But do women actually need this special attention? "People often ask, aren't women's needs the same as men's?" says Elizabeth Hagle, vice president of marketing at Thimark Investment Management. "The answer is that it is, because women live, on average, eight years longer. They need their money in a lot longer. The second factor is many of us have been in and out of the workforce because of having children. Plus often women don't qualify for company sponsored plans because they've been working in short-term positions or on contract."

In spite of their greater need, Thimark discovered that women tend to pursue a conservative, low-growth investment strategy. Only 32 per cent own mutual funds in their RRSPs, compared to 36 per cent who chose bond income investments. Hagle says Thimark based its on two factors that came up in research. "They were afraid of risk, they didn't understand it and didn't know how to manage it. Secondly, there was a reluctance to seek out independent financial advice."

Thimark responded with their Approaching Your Wealth program - a structured information tool presented in a friendly personal way that women found more acceptable.

Scotia McLeod holds special investment seminars for investment advisors and White is involved in training staff to be more aware of women's needs. "Women are so focused on relation ships. While a man is going to want to trust you, for women it's even more important. So you may want to take a little extra care. And women wait a lot longer before they make decisions."

After frequent requests from clients Cheryl Meel, an investment advisor at Penhance Securities, recently shared a series of classes for women investors. "Many-but not all-women find it more comfortable to discuss these issues with other women rather than in a mixed group," says Meel. "Plus, women have a strong desire to learn more."

But while the delivery may be different, the information and advice offered to men and women remains the same. Hagle and White both insist the suggestion that women have any more psychological disadvantage in handling their money. "I think it's dangerous to generalize," says Meel. "The women I've dealt with have had as many approaches as the men. I've had women who were very aggressive stock investors, and I've had men who were very intimidated by the process."

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are more specific in their focus, but most still fall into clear categories. Here is a rundown of the main types.

Equity funds offer good opportunities for long-term growth but they can be risky. Many funds today focus on particular types of companies, all of which have different potential for growth and different levels of risk.

- **Large, successful blue-chip companies** that are likely to have slow but steady growth.
- **Small companies**, known as "small caps" that may grow quickly (or may not).
- **A cross section of companies** listed on a particular stock exchange.
- **Canadian companies**.
- **Foreign companies** from around the world.
- **Income companies** in a particular part of the world where growth is expected (but may not happen).
- **Companies in a particular sector** of the economy, such as natural resources or technology, and
- **Companies that pass stated ethical or environmental standards.**

Dividend funds invest in preferred shares of companies, which means you get an income from the dividends paid by the company, as well as benefiting from the increased value of the stock.

Bond funds invest in government and corporate bonds, trying to get the best interest rates possible. Some funds include or focus on foreign bonds. It's important to understand that having a bond fund is not the same as owning a bond. You don't get automatic interest, instead the money made on the bonds is usually reinvested in the fund. When interest rates go up, your shares are actually worth less because the fund is full of bonds with rates at the old, lower rates. Conversely, when rates go down, your bond fund is worth more because it has the old, higher rates. Although they are less risky than equity funds, bond funds can be volatile.

Balanced funds give you a little bit of each, both fixed income investments and equities.

Mortgage funds bring in a regular income by investing in commercial and residential mortgages. Because the money is invested in mortgages of varying ages at various interest rates, you will not realize too much – or benefit drastically – from changes in interest rates. Mortgage funds are low risk, especially those offered by financial institutions, but make sure the mortgages are backed against default by the National Housing Act.

These are the most common types of mutual funds, but there are others, including real estate and precious metals funds. Be sure you understand the risks of a fund and how it works before investing.

If all this is still too confusing, companies that sell mutual funds are trying to make it easier. Several will sell you a portfolio made up of a mixture of funds based on what kind of investor you are.

Segregated Investment Funds

There is one other type of financial institution that sells mutual funds – insurance companies. For all intents and purposes a segregated insurance fund is the same as a mutual fund," explains Leslie McAdams, senior marketing consultant at Royal

Life Insurance Company of Canada. "But it falls under the Life Insurance Act. So we're required by law to offer some form of guarantee to the client." The most obvious of those is that, on the 10-year maturity date, the insurance company guarantees your holdings will still be worth at least 75 per cent of the money originally invested. In fact, some insurance companies, such as Royal Life, promise to preserve 100 per cent of your original capital (minus any taxes you've taken out in the meantime). That's reassuring for many conservative investors.

Last Minute Tip

Let's say RRSP deadlines really suck, really don't they? Well, still a solution. "If it's seven o'clock and you've really got revenue left and to hell you can pick up the phone and call them," says Robert Mathews, product manager for retirement savings at the Royal Bank. "If you don't have the funds you are missing that too. Don't let the last minute stop you because ultimately it is the most important investment, it's going to save you taxes and it's going to help you in the future."

What type of funds can you buy from an insurance company? Most carry the basic acronym Royal Life for example has a Canadian equity fund, a bond fund, a balanced fund, a global emerging markets fund, a U.S. equity fund and an international equity fund. "Some of the insurance companies have had some very good fund management and good returns," McAdams says. "Over the years, several have shown up in mutual fund analysis"

picks of the top performers.

Flipping the right hand

These days it seems you cannot walk into your bank, turn on the TV or attend a public bar without being bombarded with information on mutual funds. The positive side is that both the media and the industry, eager to capitalize on the growing market of

"TRADERS' PROFILES

MARTY STEPHENS

fund trader, Gardner/Ross



I am not a trading firm, but personal investing! First, I learned that success isn't. Ten years ago I bought some penny stocks on a tip. They went up all right, but I got into it, and by the time I remembered them they were on the toilet. Our retirement savings were in the toilet along with you. For a while now, I have seemed to get better. So I tried a little of what is back after my RRSP. One of the best of the small-cap funds. I'll never hire him on the floor – he's way too cautious. But I've got to admit that he knows

what he's doing for me. He tells me, Buy and hold, Marty. This is for the long run. Tip, the guy's an egghead, but at least I can go home at night.

retiree investors, are working hard at providing conservative (read: by history)

One obvious place to look in evaluating a mutual fund is at the performance figures in Canada's newspapers. Look for tables that "wrap" several types of funds together, so you are comparing apples to apples. Check the absolute numbers over a long period

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I'M NOT CONTRIBUTING TO MY RRSP BECAUSE...

In the last minute scramble to get your contributions together, you may begin to question whether it is all worthwhile. Here are the solutions to a few of the most common reasons people give for not contributing.

I don't have any money

There are various ways you can make a contribution, even if you don't have cash on hand. Other investments such as stocks or Canada Savings Bonds can be moved into your RRSP, although you will probably need to set up a self-directed RRSP plan to do this.

Another option is to borrow money. Of course, if you take out a loan you will have to pay interest on it, but the loans you save, plus the tax free interest you will make, will usually more than make up it up. If you know you will be getting a refund on your income tax in a few months, use that to pay off the loan. Many banks and trust companies offer good rates on RRSP loans and no payment options as long as four months by which time your tax refund should have arrived. CIBC's RRSP Prior Line Loan offers deferred payment for 120 days at 11 percent except Quebec. The Bank of Montreal has an instant loan program for RRSP contributions that gives you automatic approval on amounts up to \$7,500 at the prime rate. However, you should only take out a loan to contribute to your RRSP if you have a good expectation of being able to pay it back on time.

If none of these options work for you, remember that you can make the contribution in a later year and deduct the contribution on that year's tax return. So if you have missed in one year, try to make it up later.

I do not want to put money in my RRSP because I might need it later

Unless your RRSP money is in some kind of locked-in investment such as a term deposit or GIC, you can take it out at any time. In fact, an RRSP can be an excellent way to save for a substantial return to school and a good backup for emergency needs such as job loss or unpaid property or child care. You will have to pay tax on the money when you take it out, but if your income is low or non-existent, it will not be very high. In the meantime, your savings will have been growing at a greater rate because, unlike an RRSP, they are not taxed.

Do try to avoid getting into the habit of cashing in your RRSP, however, or you risk losing old age as a right budget.

I'm afraid I will invest in an RRSP and lose my money

This is a legitimate concern. You can measure yourself by getting good advice, thinking your strategy through, and never investing in anything you don't understand. Legitimate investments are protected by law.

The Canada Deposit Insurance Corporation insures up to \$60,000 of your deposits with any one of its member institutions — banks, trust companies and loan companies. An additional \$60,000 of protection is available for eligible deposits held within registered plans such as RRSPs and RIFs. However, only certain types of deposits are eligible for protection, these include chequing or savings accounts and term deposits such as GICs (negotiable or non-negotiable) with terms of less than five years after

the date of deposit. To be eligible for protection, deposits must be payable in Canada in Canadian currency.

If you are not sure that a particular commitment or financial institution is covered by the CDIC, you can call and check toll free at 1 800 481 2342 or go to their website at www.cdic.ca. Mutual funds and stocks are not protected by the CDIC, but there are various laws and industry regulations in place to protect against any handy ponky.

I'd rather pay down my mortgage

In some cases paying down your mortgage does make more sense than contributing to your RRSP. Here are some of the factors to consider.

Which is higher: the return you are getting on your RRSP investments or the interest you're paying on your mortgage?

Has your income risen or dropped drastically this year? If it has dropped, you are being taxed at a low rate and the deduction you get from an RRSP contribution may not benefit you as much as paying down your mortgage. If your income is high, then the opposite may be true.

How far away is retirement? The longer your money compounds, the better it is in an RRSP, the better off you will be.

What expenses do you anticipate for the future? If you will need a good cash flow to take the tuition to college, paying off your mortgage now may make more sense.

How long does your mortgage run? The longer you repay the principal, the more interest you'll save.

Your financial situation should be able to help you figure out which makes better financial sense. Usually, you may be able to do both. For example, you can contribute to your RRSP and use the resulting tax refund to pay down your mortgage.

I can always put it in later

Currently, the government does allow you to carry forward the contributions you've missed voluntarily, but that's assuming you'll be able to get that much cash together at some point in the future. Plus you'll miss all those perks of liquidity, tax deferral, compounding interest that can make the difference between a comfortable and an uncomfortable retirement. And, of course, governments have been known to change the rules.

I'm already got a company pension

There are not many people left who feel completely confident or rather the company plan or their own vested employee investment. "If someone is a 20 or 30 year employee with a company they may feel they have a good pension," says Laurie Holmes. "But even if you have that kind of security you may be overestimating how much income your pension will actually bring you."

I'm lured off by all the hype around RRSPs

Like any business, companies in the personal finance industry will pitch their products to you when you need them most. That doesn't mean that putting money into an RRSP and investing different products and sources of advice is a bad idea. If you feel overwhelmed by the outside agitator, the best way to deal with it is to contribute to your RRSP all year long and move your investments on a regular basis.

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TD81/March 1997

Dateline



WASHINGTON

By Andrew Phillips

Canada's post-Castro dilemma

It travels around Miami in a bulletproof Mercedes-Benz. It is one of the most powerful city officials to deal with pistols, and worked with a loaded .357 Magnum on his desk. He started out as a penniless refugee and amassed a fortune now estimated at more than \$100 million. He has had extraordinary success at the highest levels of the U.S. government for 15 years, including regular meetings with the past three presidents. He is someone Canadians should know more about.

Josep Mas Canosa is, arguably, the second most powerful Cuban in the world. No one would dispute that his arch-enemy, Fidel Castro, is number 1. But as founder and chairman of the Cuban American National Foundation (CANF), Mas has a uniquely influential voice in shaping the United States' unyieldingly hostile policy towards Castro's communist government. His organization is the biggest, richest and most effective group among the 150-plus strong Cuban American exile community. More than any other individual, according to a new study by a Washington think-tank, the Center for Public Integrity, he cleared the way for passage of what has become the foremost issue dividing the United States and Canada: the Helms-Blanton Act. And he and his allies have some sobering advice for Canadians who are rubbing their hands at the profits they are making in Cuba while American companies are forbidden from doing business there.

Mas's story is a classic only in America. Now 57, he was exiled to Miami in Havana for putting up with Castro's goons. In 1960, he fled to Miami. The next year, he took part in the botched Bay of Pigs invasion by anti-Castro exiles. Back in Miami, he visited docks and delivered milk to schools before eventually leaving a construction company that made him a fortune. He watched as real Cuban exile groups squabbled and fought it out in the streets with guns and bombs. In 1980, he led the creation of CANF as an inter-minority organization aimed at countering the perception that Cuban exiles were thugs and terrorists. And he launched a campaign to gain influence in the White

House and on Capitol Hill—what he called "la batalla de Washington." Over the next decade and a half, CANF became one of Washington's most effective lobby groups, delivering votes and some \$4.5 million in campaign contributions to sympathetic politicians. Its crowning achievement was the year-end Helms-Blanton Act, which tightens the screws on Cuba while offending American liberals willing to punish foreigners who do business there. Cuban-American leaders

Amex, it halted \$68 million worth of credits and delayed \$4 million in aid to prevent Cuba's slide to more towards democracy.

The Europeans did all this while standing just as firm as Canada against the unacceptable provisions of Helms-Blanton that would penalize foreign businesses in Canada, in contrast, once across in the United States as being all too eager to poke Washington in the eye—and not just among die-hard anti-Castroists. Even The Washington Post, which opposes the U.S. embargo against Cuba, commented caustically that Canada's gestures towards human rights there "joke against the boast the Jaworsky mission, prior to trade and other respect concerning contacts."

Right now of course, Canadian, European and Mexican companies are standing a march on U.S. firms. Canada is among the top three foreign investors in Cuba. And two-way trade is flourishing, at about \$250 million a year. (To keep that in perspective, though, consider this: Canada and the United States do that in business by the hundreds every year of the year.)

The problem will come down the road, when Castro departs the scene and Cuba makes its inevitable transition to a market economy. No one knows exactly how that will happen, or who will end up in charge. But Cuban-Americans and other Cubans had up with the oppression and poverty the island now's open doors are all likely to forget who stood where in the waning days of communism.

Mas has warned clearly that "we will never forget our friends. And we will always remember our enemies." CANF's Washington director, Jose Canseco, takes a lighter, but no less direct, approach. "There's going to be a new leadership with a new vision of things, and they're not going to look kindly on those investors who they feel exploited the tragedy that existed before," he says.

Canseco's likes it as a horse race. "Investors who are putting their bets on a horse named Fidel Castro look good as long as he's around. But in the end I don't believe he will win, and they're going to lose their shirts." Canadian politicians and businessmen concerned about their standing in a post-communist Cuba may want to listen—and hedge their bets.



Mas, arguably the second most powerful Cuban

switched in dissent last month. Foreign Minister Lloyd Axworthy travelled to this view for his well-publicized sit-to-sit with Castro. Axworthy faced with the dateline not once, but twice, and brief assurances that Canada is really a very, very valuable friend of Cuba. To be sure, human rights were also on the menu for the Axworthy-Castro meeting, but they were very much a side dish. The accord the two governments signed committed them only to co-operating on human rights through seminars and exchanging experts. Compare that with the much tougher approach coming from Europe. In December, the European Union halted its aid to Cuba directly in improvements in human rights and advances towards democracy. Spain, once Castro's main cheerleader in Europe, went further. Under conservative Prime Minister Jose Maria



well-being. "We have a responsibility to protect the health, safety and good order of Canadian society," he says. "We don't do it selfishly or blindly."

Responding to continuing public pressure—69 per cent of respondents in a recent Marlowe poll believed new immigrants contribute to the crime rate—Ottawa amended the Immigration Act in June, 1986, to tighten the refugee and immigration process. At the same time, it stepped up the deportation of non-Canadians convicted of serious offences in Canada—regardless of their status within the system. Since then the number of "criminal removals" from Canada has risen from 15 per cent to 30 per cent of all deportations. Many are legal, landed immigrants who have lived in Canada for years. "When it comes to long-term, permanent residents, the decision to deport is not taken lightly," says Bourget. "We take a humanitarian approach, and consider the individual's circumstances."

The controversial case of Owen Dale Campbell, who was lawfully brought to

social distress," he arrived in Jamaica "poor, lonely, homeless, lonely and homeless," according to Jamaica's former commissioner of police, Trevor McMillan.

It did not take long for Campbell to get into trouble. A few weeks after his arrival, he was arrested for petty theft just outside Ocho Rios, one of Jamaica's most tourist towns. A sympathetic judge granted him the chance. But by September, Campbell was in court again—this time in Kingston—on more serious charges of commercial and residential burglary. He was sentenced to two years of hard labor in Kingston's General Penitentiary, where he is currently housed in "the Canteen."

Barry Benthall, president of Canada's National Council of Jamaicans, says a large number of the returnees were raised in Canada and have gone through Canadian schools and often the Canadian foster home system. "We don't confuse crime, but they should be punished and rehabilitated here," says Benthall. "All they've learned to become criminals they've learned here. Canada is pushing the buck to poorer countries because of a technicality." Benthall says Ottawa should allow the mostly unskilled young men to serve their time in Canada where they have family, rather than "dumping" them in Jamaica. And if they must be deported, he says, "Canada should help Jamaica set up a rehabilitation program."

Jamaica's deputy commissioner Clarke says his country does not have the money to offer jobs or training to the deportees. "So the easiest way for them to make money is through drug and fire-arm trafficking." Some, he adds, are down one week and back in Canada on the United States' next. They quickly change their identities with false documents, easily bought for about \$200 on Kingston streets.

The minister believes most deportees leave the country angry, but says that many who remain won't join the top of the criminal hierarchy. "It's all about controlling fear, because when you control these vigilante bands, you control everything," says Albert, whose St. Patrick's Foundation runs five resource and training centres. "Kingston's ghetto has always been a dangerous place," he says, "but now it's really frightening."

What local's call "tribal" politics began decades ago in Jamaica. Both the PNP and the Jamaica Labour Party traditionally played an equal role in giving out grants and political favors as a means of controlling individual electoral constituencies. Until the mid-80s, despite sporadic outbreaks such as the 1980 election violence, a power balance protected the status quo. Many Jamaicans shrugged off the situation as "the run-around," along with the same run-around pressure from the United States in 1980, the then-ruling Labour party set out to destroy an industry that was a mainstay of

Albert (centre) visits ghetto residents; Kingston City: last year was the bloodiest



Canada's policy of deporting lawbreakers helps fuel Jamaica's soaring crime rate

WORLD JAMAICA

A trade in criminals

Brown Road is one of the roughest neighborhoods in Jamaica. "There have been over 40 murders in the past six weeks here," says Major Richard Albert, an Irish-American priest from the Bronx who has spent 20 years ministering in Kingston's inner-city poor. He is driving his black Mitsubishi four-by-four through a maze of downtown ghetto areas to his mission in Riverton City, a community of corrupt and free shacks built around the capital's garbage dump. Stepping in a laneway, Albert calls to a man whose bare chest shows the scars of several bullet holes and knife wounds. "I haven't seen you in church lately," the priest jokes. "Soon come, father," the man answers, smiling. He is known as one of the most notorious mobsters in the ghetto. He is also a deportee from Canada. "He'll kill anyone," says Albert.

The bullet-pocked criminal is one of thousands of convicted Jamaican lawbreakers who have been sent home from Canada, the United States and Europe. In Jamaica, they have become the target of rising public

anger, some of it directed at Canada's policies. Often the returnees are destitute, many are dangerous, and, as a group, they are believed to be a prime cause of Jamaica's soaring crime rate. "We have had a total of 5,795 deportees—about 400 from Canada—over the past three years," says Owen Clarke, acting deputy commissioner of police. "Not all of these are criminals, but a lot of them are, and we know that they are contributing, whether actively or behind the scenes, to the increase in crime." Last year was the bloodiest in Jamaica's history, with a total of 935 murders, or 30 per 100,000—among the highest homicide rates in the world. It surpassed even the 800-plus killed in pre-revolutionary 1980.

The wave of violence has shocked Jamaicans during another rough period for the country. The economy is sinking, fewer tourists are coming and there are signs of an erosion of upper-middle-class professionals to North America. And once again, elections are looming. The socialist Peoples National Party is in power, although without its

charismatic former leader, the aging Michael Manley. But today it is the gun-wielding criminals, not local politicians, who often call the shots—literally.

Jamaican experts say many deportees have become masterminds of the underworld, directing local pariahs who actual perpetrate the crimes. Barry Chesonais, dean of social sciences at the University of the West Indies in Kingston, says there is a new packing order among deportees. "Their experience abroad gives them greater status," he says. "They can utilize their international network to acquire firearms from abroad." In some cases, the deportees have become the new dons, or so-called community leaders, of Kingston's gang-ravaged ghetto turf. Along with sophisticated weaponry, they have introduced the management techniques of North American and European gangland bosses.

Many Jamaicans view the deportees as a further burden on a developing economy with few resources to absorb them. "Can-

ada's life is better equipped to punish and rehabilitate violent and drug offenders," says Chesonais. "Such countries could assume the greater responsibility." But the Canadian government defends the deportees as a reasonable measure—backed by the Geneva Convention—to shield Canadians from preachers who abuse the law. Pierre Bourget, director-general of enforcement for Citizenship and Immigration Canada, says that despite an emphasis for the removal and possession of a weapon. A "kno-

Canada from Jamaica as a 17-month-old baby, illustrates the cross-border dilemma. Campbell's mother had never applied for him to become a Canadian citizen, an oversight that allowed him to be shipped back to the island of his birth from Toronto last April at age 32. Campbell, whom Jan defectors termed a "prodigy" of the Canadian social and justice system, had 16 convictions as a juvenile and 13 as an adult, on charges ranging from theft and narcotic violations to assault and possession of a weapon. A "kno-

the Jamaican economy; the trade in marijuana, for example. With Jamaica's burgeoning drug industry shrinking, Colombian cocaine cartels quickly moved in, using Jamaica as a transshipment centre and re-formulating the local political threat. Power in many neighbourhoods passed from the politician to the gun-toting former subalterns. Add an influx of dangerous deportees to this already volatile mix, and the cocaine trade just took over," says Albert.

At Naaman, a Canadian immigration councillor at the high commission in Kingston, says Canadian authorities do not

keep track of deportees once they land in Jamaica. While Jamaica does have a legal process to monitor them, local police simply lack the manpower to carry it out. Chances are that Canadian authorities should sign an understanding to work together on the issue of deportees—their reintegration in Jamaica, as well as the cross-border nature of much of their criminal activity. "Offences like illegal trafficking in firearms and drugs are matters of trans-sphere, not merely national affairs," he says. There have been RCMP training programs for Jamaican police. But there is no

direct Canadian aid program designed to help Jamaicans absorb deportees.

Police Commissioner Cloute believes the reputation of criminals can backfire as the deporting nation itself. "The foreign country wants to reduce crime and attract its private investors," he says. "But when this is done, the locally born left behind can end up destitute and on welfare. It's a no-win situation for everyone." For both rich countries like Canada and poor ones like Jamaica, exporting criminals does not get rid of the problem.

MALURNE SHERIDAN is Kingston and **NORM ANDREWS** is Toronto.

THE PERILS OF PARADISE

For Linda, a 19-year-old Toronto waitress recipient, an all-expenses-paid week's holiday in a luxurious Jamaica villa, plus \$2,000 cash, was too tempting to refuse. That she was expected to strip six pounds off her body and carry it back to Canada was irrelevant at the time. But more than a year later, as she sat in a driftnet had visitors' cubicle at a Kingston prison, the lure no longer looked so sweet. "That promised week of paradise turned into 14 months in hell," she sighs.

Linda, who did not want her last name used, is one of about 60 Canadian tourists, and 1,000 foreign visitors overall, stranded in Jamaica each year for attempting to smuggle drugs out of the country. "Most of them are young, financially strapped females," says David Marlett, a consular officer at the Canadian High Commission. "They are easy prey for drug traffickers who recruit in bars and welfare offices with promises of good times and easy money. Most of them have told us what happened when things go wrong."

Things went very wrong for Linda when, just as she was about to board an Air Canada plane home, she felt a tap on her shoulder. "I knew right away I'd been caught," she recalls. She figures Jamaica's airport security agency must have "very much" discovered and difficulty walking—she was being held very tightly to her badly sunburned body. Until the mid-1980s, smugglers easily slipped out of Jamaica with their loot. Then, Waverling, intent on curbing drug imports at the source, had economic and to export checks, and U.S. drug enforcement agents aimed to advise Jamaican authorities as they cracked down. But for many naive foreigners, the snare—most, as fact of a misused credit card, the drug people used by singles like her to pay for Bob Marley's the end of that snare.

The number of Canadian drug-carrying "mules" is hard to measure, but Jamaican authorities estimate that about one-third are stopped before leaving the island. Unlike Orton, however, Canadian coast guard and a former Air Canada supervisor who is said to go to Montego Bay airport, confirms the high rate of capture. "We have an arrest every two or five days," she says. "Most are amazed that it has happened to them."

For the mules, getting caught is just the beginning. Jamaica has had to test prisoners for hunger, to the health authorities' displeasure. From the airport, suspects are taken to the local "lockup" where they are held, pending a hearing, for an average of two weeks. Jail conditions have been condemned by Amnesty International and other human rights groups. Originally built to hold four people, Montego Bay's holding cells often bulge with up to 20 detainees at a time. Toilet facilities are minimal, and a seldom-empty communal bucket, smelling constantly of a weakly house-dump, had to be used. "It really really stinks when they see the cells," Orton says of the Canadian detainees.

Convictions are on the rise. Most cases involve marijuana in amounts ranging from one rolled "sagitt" to 500 lbs. In the past, some Canadians paid fines ranging from \$2,000 to \$15,000 and returned home, only to come back a few months later intent on doing the same thing again. But a year ago, Jamaica instituted a mandatory sentence of two to 12 months for marijuana trafficking, and there are harsher punishments for the smuggling of cocaine and hash. Smuggling in some cases is prosecuted. "Jamaicans started coming up with money to pay the fine," she says. "They also have to fund the return back to Canada—so the inmates must serve extra time. And the methods of the trade can be deadly. Four Canadians have died on their trip home after ingested condoms filled with cocaine capsules."

Racism in Canada is well-known, but Jamaicans who know their rights and have close contacts in Jamaica. "The people who set you up are only there if you deliver," says Linda. "If you're caught, you never hear from them again. They're already set up for the next run." Jamaican police rarely follow up with their Canadian counterparts to catch the masterminds based in Toronto or Montreal. At Fort Augusta, Kingston's term for jail for women, the sun baked pink faces of foreign prisoners a stark contrast to the local majority of inmates as they gazed for a place in the shade of a solitary tree in the prison yard. Prison superintendent Adine Smith points out that, in addition to Canadians like Linda, there are American, Irish, German and Colombian inmates. Walking about in their candy-colored cotton uniforms, they have plenty of time to think about how things are not the way they seemed when Bob Marley was around.

MALURNE SHERIDAN is Kingston.

ECUADOR IN CRISIS

Ecuador's defense minister declared a state of emergency in an attempt to subdue thousands of rioters who demanded that President Abdala Bucaram abandon Quito's Ciudad old police. The Congress stripped the eccentric Bucaram of his powers on grounds of mental incompetence. At one point, there were three different leaders claiming the presidency Cesar Garcia, head of the Organization of American States, flew in to mediate.



AP/WIDE WORLD

A RUSSIAN WARNING

Russia's top military officer warned that funding cuts and other problems could cause the military to lose control of the nuclear system that established the former Soviet Union as a superpower. The two also expressed doubt about President Boris Yeltsin's call to shelve the risk that Russia's 54 inter-continental missile forces by 2000.

ISRAELI CHOPPER CRASH

Israelis mourned 73 soldiers killed in the mid-air collision of two army helicopters carrying troops into southern Lebanon. The country's most military or disaster prompted fresh questions about whether Israel's presence in Lebanon is worth the cost in young lives. More than 200 Israeli soldiers have died fighting Hezbollah Muslim guerrillas since a so-called security zone was set up in 1985.

PAKISTANI CHANGES OVER

Pakistan's elected prime minister, Benazir Bhutto, suffered a crushing electoral defeat. Her Pakistan People's Party won only 10 of 217 parliamentary seats—its worst showing since 1989. Bhutto's arrival, however, gave more momentum to the Pakistan Muslim League, a 1984 electoral victory.

PASSPORT TO BRITAIN

As Hong Kong prepared to celebrate its last Chinese New Year—the one under British rule, London announced that nearly 6,000 ethnic minority residents of the territory will be able to apply for British passports. The generations-old Indian and Pakistani communities in Hong Kong had labored for such a deal for years, fearing loss of rights to passports on the Indian subcontinent. Only ethnic Chinese will be allowed citizenship after Hong Kong reverts to Chinese rule on July 1.

RACE RIOT

Two mixed-race youths face police during South Africa's worst unrest since the end of apartheid in 1994. At least two people were killed as hundreds of protesters of mixed-race descent, known locally as "coloureds," burned tires, threw rocks and looted shops in the Johannesburg area, angry at what they see as unfair treatment. The riots began as a protest against rent, water and electricity rates, which are higher than those in black townships. "First, we weren't white enough," said one woman. "Now, we aren't black enough." The rising African National Congress accused the engineers of inciting the violence.

A new crisis in Central Africa

Carriage in Central Africa escalated, just as Ottawa announced Canada would send 10 human rights observers to Rwanda and the United Nations High Commissioner for Refugees was to arrive in war-torn Zaire. After meeting with U.S. Secretary General Kofi Annan in New York City, Foreign Minister Lloyd Axworthy said the Canadian troops would not depart until Rwanda took steps to guarantee the safety of international workers. Funeral ceremonies were held in Rwanda and Canada for Rev. Guy Huard, a 61-year-old Quebec missionary gunned down on Feb. 2. Two days later, four UN workers and their local driver were shot to death. The

Tutsi-led Rwandan government said several people had been arrested in the attacks, which have been blamed on returning Hutus who fear witnesses will identify them for the 1994 massacres of Tutsis.

In neighboring Zaire, fighting between government forces and Tutsi-led rebels spread west from the eastern border areas. The United Nations said hundreds of thousands of refugees were again trapped in the region. The rebels also claimed to have made gains in mountain-rich Shaba province further south. Algeria's Minister of Solidarity, UN representative for Africa, drew to the region to try to mediate as both Zaire and Rwanda.

Clinton pledges a balanced budget by 2002

U.S. President Bill Clinton proposed a \$140 billion (U.S.) budget designed to promote education and family life and eliminate the government's deficit by 2002. Congressional Republicans, who must pass a fiscal spending bill, were notably warmer to the White House proposals than they have been in the past, aware that an impasse over the 1995 budget could lead to government shutdowns had cost some politically. But they criticized Clinton's economic projections as too optimistic and signaled aversion to regulations on agencies. The President and congressional leaders agreed to an unusual summer meeting this week on the plan.

Gunning for gold

BY JENNIFER WELLS

Gregory Chorny steps into the warmth of a Toronto restaurant on a brutally blizzard day, sheds his black cashmere, Google Amway overcoat, and settles into a last examination of a sweeping Michener-style saga in which he has been handed a small part. The saga is Bre-X Minerals Ltd. of Calgary, the company that discovered the massive gold mine 43-36—the Diamond Gold properties—which spreads through acres of sprawling jungle in East Kalimantan, Indonesia. When it all started, Bre-X had a predictable enough mining plot: loan small company funds as deposit. Stock goes through roof. Small company funds by company to mine ore deposit. Shareholders definitely happy.

But somewhere around Chapter 3—the small-company-fund-by-company part—the Bre-X story went into rewrite. From there, it became wildly muddled. Small profits were taken by Indonesian financiers, big parts by warring corporations. And dramatic roles were adopted by heretofore unknown Indonesian business tycoons. The closer one looks, the more confusing the Bre-X story becomes.

But not for Chorny, whose sight line is very clear. This may have to do with Chorny's role in the tale—that of shareholder. Before Christmas, 1994, Chorny made his first investment in Bre-X, purchasing 10,000 shares at \$1.75, a Christmas present for his kids. Chorny was already a multimillionaire. A lawyer from Toronto, Ont., who specialized in civil litigation arising from motor vehicle accidents, Chorny failed to dabble in the mining game. His first big break was the Eskay Creek gold deposit in northwestern British Columbia, in the summer of 1989. The exploring joint, Skidder Resources Inc., hit "one heck of a hole, one heck of a hole," as Chorny says. In that instance, the plot had obviously followed its predictable course. Vancouver-based Placer Dome Inc. bought out Skidder, since a penny stock at \$60.38 a share. "Well," says Chorny, "that check was enough to pay the mortgage, the debt, taxes on the gain and some pretty nice working capital."

There have been other gambles before Bre-X. In fact, Chorny, just 47, has done so well that he and his wife retired last year and moved to a country place in Sumner, north of Toronto, where they took up the game of golf. They dabbled with shares in Diamond Fields Resources, the company that stumbled on the massive Witwatersrand's Bay nickel find, although that was just small-time—yielding just enough profit to buy a sports car. But nothing can

While the Bre-X CEO can't lose it all if the Indonesians decide to expatriate



much Bre-X, which had an extraordinary run up to \$200 before a 10-for-one stock split. The property's gold potential grew bigger and bigger. Chorny thinks that Bre-X is not 80 million ounces—it receives the company has already stated—and not 100 million ounces—an estimate that most analysts seem comfortable with—400 million ounces. Maybe 500 million. That's \$200 billion worth of gold. "The size of the company," he says, "could be absolutely mind-boggling. We're talking an IBM. We're talking a General Motors. That's what we're talking."

Chorny's Bre-X play eventually grew to more than two million shares. He now has about 1.1 million, an investment worth \$26 million at last week's market price. He is, as they say, under water on part of his investment. After Christmas, he bought 200,000 shares at \$24.50. Last Friday, Bre-X closed at \$21.30. "The game is hot to cash, which my wife has strongly urged me to do," he says. Then he laughs. "Her hell, she says, in the cash. My hell is what's left as Indonesian President Suharto's heirs."

But Chorny does not really find this very funny at all. In fact, he is hopping mad. He is leading a shareholder revolt on behalf of a group of investors who probably do not hold collectively much more than two per cent of Bre-X's stock. "This wave of the little mouse is much bigger than the mouse," he says. Chorny himself holds half of that two per cent. He has retained a U.S. legal firm to represent the group. Their target is Barrick Gold Corp. of Toronto, widely, argues Chorny, pre-empted due process when it was



Most investors are riding an emotional roller coaster

Without pushing hard for an action

The plot thickens in the battle for Busang

announced last November that Barrick would be taking the controlling position in Busang and developing the mine. The deal appeared to eliminate any hope of a bidwar race, of the kind that erupted in the case of Placer Dome, which won control of Busang as easily as Barrick does.

Ever since that terrible day in November, says Chorny, investors have been riding an emotional roller coaster. "The same people sell an entire position on Friday and buy it back on Tuesday," he says. And for that, he holds Barrick responsible. "Our position is that Barrick's meddling in Bre-X's economic interests—contractual interests—in Indonesia resulted in this state of affairs, resulted in this selling. And it wouldn't surprise me if in the end the losses of that class of people are in the several billions of dollars. Billions? Billions."

And as Chorny himself is adding to the texture of the Bre-X tale. From Baker & Botts in Houston, the law firm Chorny retained to represent the shareholders, lawyer Tom Agnew has been dispatched to Jakarta. He has now been there a month, trying to piece together the Bre-X puzzle. Back in Canada, Chorny is lobbying to get the Reform party agitated about Barrick's maneuvers. Last week, he sent a letter to Indonesian president B.J. Habibie (B.J.), complaining an earlier move by him is immensely frustrated. "These guys have found the biggest gold mine in human history," he says of the Bre-X guys, CEO David Walsh and geologist John Fodorich. "It's not [Barrick CEO] Peter Murck. It's not any of the guys at Barrick or Placer. It's not the Indonesian government. All the Indonesian government

did was to welcome the people of Bre-X to come into their country with open arms to explore this jungle, this desolate jungle in the middle of nowhere."

Time grows short. The Indonesian government has said that Feb. 17 is the deadline by which Bre-X must reach an agreement with its Indonesian partner. The Indonesian partner is the aforementioned Hison, which is why the strike millennium has become a key character in the saga. It is a deal is not struck by that date, the possibility looms that the Indonesian government will expropriate the property. Hison is another reason why Chorny thinks that all shareholders who invest in developing regions had better sit up and take notice. "If [Barrick deal gets mandated or a monopoly gets mandated or if Bre-X gets expropriated, the Indonesians are going to pay a heavy price in the world of capital markets and in public opinion," he says.

Last last week, Chorny turned down an offer to get into a new mine at busang-indonesian prices, 80 cents a share for yet another mining junior hoping to strike it rich. Chorny was offered 150,000 shares. A \$65,000 investment in, for Chorny, much money. But he would not do it. "It's just not an acceptable risk," he says.

Developments in Jakarta over the past week will help to determine whether Chorny ever changes his mind on this. He is now thinking of buying there himself. He says he is about the only one in the game who has not gone. Last week, Placer CEO John Wilson met with Jerry White, Hison's Canadian-born managing director, in the Indonesian capital. Wilson is still pushing hard to have Busang auctioned. On Feb. 1, he submitted Placer's third proposal to date. "It's in the game. It's on the table," he says of his bid. "There's a chance we will be in contention." Says Wilson of the Indonesian government: "It's very uncertain. You can feel the competition." He says his expectations are "higher than they've ever been."

Last Friday, Hison summoned Bre-X executives to his east Jakarta home. The call was unexpected, but no one turns down Bob Hison. There followed a conference call with Bre-X's Walsh at his Nassau home. They talked, again, to call an agreement, to Walsh's disappointment. One leader did say later that the "stems" parties were talking. He meant Hison, Bre-X and Barrick. That is not what Chorny wants to hear. "It's absolutely as ridiculous, I think situations like that will very soon be foreclosed from using our capital markets," he says. But then he takes a different tack. "I will not accept that that's the message [Indonesian version to deliver]. He should soon know for sure."

'These guys found the biggest gold mine in history'

Chorny angry about Barrick's meddling



Stirring up a batch of trouble

It was the kind of clank-and-dagger operation usually reserved for intricate theatricals, illustrated by an angry coalition of beer connoisseurs, pub owners and bartenders, the mission had one objective: to blow the bottle cap off British Columbia's burgeoning brew-it-yourself industry. As part of the investigation, a team of private detectives located several stores where patrons sipped their own beer and subsequently hired employees as they performed work that, under B.C. law, should be done by customers. "This is not healthy brewing—this is out of control," charged Ian McConnell, executive director of the Western Brewers Association. The revelations last spring outraged owners of make-your-own beer and wine stores. "How dare these people send agents to strip hard-working people?" protested Dick McVie, secretary of the Vancouver-based Hobby Brewers and Vintners Business Association. "Where are their agents?"

The escalating battle between British Columbia's commercial beer makers and the province's U-brew shops has all the trappings of a barroom brawl. The breweries maintain they cannot compete with an industry that is virtually unregulated and offers its products at a discount. Currently, a 12-pack of beer averages \$4.60 in the province. Drinkers who use a U-brew store's equipment and advice to mix, ferment and bottle their own beer pay about \$8.60 for the same quantity. "All we want is a level playing field," says McConnell. "If the government isn't going to tax U-brews, we shouldn't be taxed either."

After months of lobbying by both sides, the province is now stepping in to referee the quarrel. Tex Eamesick, a former general manager of the B.C. Liquor Distribution Branch, is reviewing some of the province's liquor regulations and expects to deliver a report to Attorney General Ujjal Dosanjh late this month. But Eamesick's findings are unlikely to satisfy the commercial brewers' thirst for reform. Dosanjh has already said that the probe will not focus on whether the product of U-brews should be taxed. As recently as December, Premier Glen Clark promised to keep the tax rate at bay. "I

don't like the idea of whisking people who brew their own beer and wine," British Columbia and Ontario are the only provinces that allow beer and wine lovers to make those outside of their own homes. But British Columbia is alone in not taxing beer and wine made at U-brews, and the lure of tax-free beer has fuelled the tremendous growth of the B.C. U-brew industry. From one store six years ago, the sector now

decades to 100 U-brews. "It would just be another government tax grab," Lowermer says. McVie adds that it is one would put many U-brews out of business. "It will hurt the industry to the point that there will be layoffs."

That is what happened in Ontario in 1995, when the province slapped a 38-cent-per-liter tax on U-brew beer. Within a year, the industry shrank from 250 stores to about 130, says Wade Berden, vice-president of the International Brewers Association of Ontario. Surviving stores saw their sales drop by 60 to 65 per cent. Alarmed by the decline, the Ontario government reduced the per-liter tax to 18 cents, where it stands today.

While many U-brews in Ontario continue to struggle, make-your-own wine operations are thriving. About 800 such stores have opened in the past two years. Berden says that winemaking shops enjoy lower overhead costs than U-brews, and that customers show less resistance to the tax because the wine is made in smaller batches.

Still, the industry's growth has raised the ire of commercial wineries. Although sales of Ontario wine rose 11 per cent last year, the increase could have been higher were it not for competition from do-it-yourself operations, says Linda Franklin, executive director of the Wine Council of Ontario. She says she has a

broking the law by peddling their wares to restaurants. Franklin also objects to the way some shops advertise their services: one store in Oakville, Ont., runs a "frequent drinkers program" that gives customers one free batch of wine for every six batches they make.

Some B.C. brewers vow to take matters into their own hands if the government does not tighten the rules on U-brews. John Sleeman, the chairman of Guelph, Ont.-based Sleemans Breweries Ltd., says he has already instructed executives at his company's B.C. subsidiary, Okanagan-Spring Brewery, to explore the idea of opening their own U-brew shops. "If the government isn't going to stop these unfair practices," Sleeman says, "then they should let us all play."

Lynda Lawrence, a 54-year-old physiotherapist from Vancouver, endorses that view. She and her husband say they will go back to making beer at home—which is legal everywhere in Canada—if the province

B.C. breweries push for a clampdown on do-it-yourself beer stores



Staff at a Vancouver U-brew: the province is on record as opposing a tax

beats 350 beer- and wine-making establishments. The Western Brewers Association claims U-brewers now account for 18 per cent of the province's beer market. "It's not little man and pop operations any more," says McConnell. "It's big business." Hobby Brewers' McVie, however, estimates that the U-brews' share of the market is around two per cent.

McVie acknowledges that some U-brew owners break the law by, for example, making beer for their customers. New regulations, he says, should prevent that by clearly defining what store employees can and cannot do. But he warns that any move to tax beer made in U-brew stores would make a customer revolt.

Lynda Lawrence, a 54-year-old physiotherapist from Vancouver, endorses that view. She and her husband say they will go back to making beer at home—which is legal everywhere in Canada—if the province

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WHAT MATTERS TO CANADIANS

Deirdre McMurdy



The Bottom Line

Money and influence

Herry Kravis isn't the first name that springs to mind when you think of philanthropists. Kravis was the quintessential 1990s Wall Street maverick, a "master of the leveraged buy-out" who thrived on leveraged buy-outs and junk-bond fixations. But these days, one of his pet projects is a \$87 million fund dedicated to urban renewal and job creation in the beleaguered outer boroughs of New York City. While some critics suggest that Kravis is engineering a political power grab, he insists that he just wants to give something back to his community.

In Canada, a similar scenario is playing out in the money groves of academe at the University of Toronto. Concerned about the tell of government budget cuts on the university's business school, chairman Joe Rotman offered up a \$15-million endowment. As with Kravis, critics voice concerns about the terms of Rotman's donation and the implications for the faculty's freedom in setting the curriculum.

Rotman and Kravis are on the cutting edge of a trend that is sweeping North America: governments are shedding as many traditional functions as possible in a truncated bid to cut spending. And they are handing over control to private willing or able to pay for it. Central governments, in particular, are succumbing to mounting pressure from regional and special-interest lobby groups to divest some of their traditional authority. But even as various levels of government race to downsize a growing array of programs and services to the private sector, private conflicts and complications are emerging.

Canada, to date, has not gone as far as the United States. There is in the process of approving all a contract for the administration of its \$740-million-a-year state welfare system. About 20 other states are considering similar steps. It costs the 50 U.S. states about \$40 billion annually to administer \$1.9 trillion in social programs. They want to contract out that work to save money. As a re-

sult, profit-driven ventures will suddenly take on much of the power traditionally wielded in the state.

The problem is that companies are accustomed principally to shareholders, many of whom have personally shorted bonuses when it comes to earning returns on their investments. By contrast, the state is accountable to voters and is supposed to consider the big picture over the long term.

Another risk is that essential social institutions are increasingly at the whim of volatile financial markets and the capricious fortunes of private-sector companies. In the past, the business community generated

In the struggle to cut spending, governments are surrendering control of the public agenda

goodwill and publicity by funding such society good as jazz festivals, literary dinners and equestrian competitions. Now, besides the health care and education are becoming dependent on corporate largesse. Of the \$128.9 million allocated for charity by Canadian businesses in 1995, 31 per cent was for health care, 28 per cent for education and 22 per cent for social services. Only about 15 per cent was for museums, galleries or the performing arts.

At the same time, data gathered by the Canadian Centre for Business in the Community reveals an unsettling pattern: 66 per cent of donations were made because they matched a corporation's business objectives. About 40 per cent of donations were made because of a CEO's personal interests. More to those worthy causes that aren't fashionable or chic, however important they may be.

In theory, Bill Clinton is correct when he bails the death of "big government." Certainly, the unraveling of generations of bureaucratic dogmatism and red tape is long overdue. But there is a grave danger of taking the process of deconstructing too far. For one thing, capitalistic companies aren't equipped with the staff or the infrastructure to contend with burdens on social responsibilities. For another, their agendas frequently conflict with the collective good. Who appointed Henry Kravis the mayor of New York City, anyway?



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HIRSCH LEAVES FIDELITY

Monica Hirsch, the star mutual-fund manager who left last year at Fidelity Investments Canada Ltd., left the firm to "pursue outside opportunities." Hirsch, 41, was removed as manager of Fidelity's True North fund amid controversy over personal trades prior to joining the firm. Fidelity did not say if it had paid Hirsch a cash settlement.

NEW CAR FOR CAMBRIDGE

Toyota Motor Manufacturing Canada Inc. plans to assemble a new two-door coupe at its plant in Cambridge, Ont., beginning in 1998. The automaker will spend \$400 million to retrofit the plant and will hire 1,000 workers, bringing the total workforce to 2,200.

TELECOM TRADE LIMITS

Ottawa vowed to hold the line on foreign ownership of telecommunications and broadcasting companies. Foreigners are now limited to a 40% ownership stake. Telecommunications talks are set to conclude this month at the World Trade Organization in Geneva.

WHERE ARE THE WOMEN?

New Canadian firms are opening their boardrooms to women, but they lag far behind U.S. corporations in Canada. Of 51 per cent of companies have at least one female director, compared with 36 per cent in the United States, says a new survey by an executive search firm. Only nine per cent of Canadian board members are women.

SOTHEBY'S SCANDAL

Sotheby's, the world's largest auction house, was rocked by allegations that senior staff had helped to smuggle an Italian masterwork. The employees were suspended after a documentary crew filmed Sotheby's officials in Milan offering to smuggle an Italian painting to London.

BATTLES IN THE OILPATCH

Gulf Canada Resources Ltd. of Calgary increased its hostile bid for Clyde Petroleum PLC to \$1.1 billion. Clyde, based in Edinburgh, rejected Gulf's earlier bid of \$912 million. Meanwhile, the Ontario Securities Commission ordered Canadian 55 Energy Corp. of Calgary to suspend its \$600-million bid for Calgary-based Morrison Petroleum Ltd. while regulators probe whether Canadian 55 broke takeover rules.

Wall Street wedding bells

Get ready for more big-money mergers in the world of high finance. That is the prognosis in the wake of a \$13.7-billion merger between Morgan Stanley Group Inc., the pivoted giant of Wall Street investment banks, and Dean Witter, Discover & Co., an aggressive retail brokerage house. The new company—known as Morgan Stanley Dean Witter, Discover & Co.—will be the largest U.S. investment firm, with \$350 billion in assets and 102,000 employees in equity, surpassing Merrill Lynch & Co. in \$6 billion.

The merger is expected to send competitors scurrying to their boardrooms to chart strategy and search for possible partners. As individual investors pour their savings into stocks and equity mutual funds, investment banks are increasingly shifting their focus from institutional to retail clients. The race is also on in the United States to beat the large banks being acquired reforms allow them to buy "brokerages and fund companies."

Eggleton backs down

At Eggleton's back was apparently worse than his bite. Although he talked tough last month about challenging Washington's Helms-Burton Act, the trade minister now says he will not see how the European Union faces in its fight against the U.S. trade law. The controversial legislation allows Americans whose Cuban holdings were expropri-



Dean Witter headquarters: trip to the altar

In Canada, major banks have absorbed all but one of the country's top investment houses. The remaining independent, Moulton Blegen Inc., was rumored last week to be on the verge of merging with Smith Barney Inc., the New York City-based brokerage giant, but both sides scuffed out the speculation.

By the Conservative government to sue for foreign companies that are now benefiting from the property. Last month, after President Bill Clinton renewed a six-month suspension of legal action under the law, Eggleton moved to request Helms-Burton under the North American Free Trade Agreement. Analysts noted that Eggleton's change of tune followed an outbreak of U.S. anger over Foreign Minister Lloyd Axworthy's recent trip to Cuba.

FINANCIAL OUTLOOK

The pace of job creation slowed to a crawl in January, with only 5,100 net new positions across the country. The unemployment rate was unchanged at 9.7 per cent. One good sign: the number of full-time jobs rose with part-time employment declined, a development that should buttress the recent increase in consumer spending.

With retail job creation still weak, the Bank of Canada is likely to try to keep interest rates at current levels regardless of U.S. trends.

"Even with the January job loss, we still look for job growth to accelerate through the year, pulling the unemployment

rate well below nine per cent by December, 1997." —Heslett Burt

"Business confidence has jumped to an all-time high, and firms are looking to hire more. A second consecutive surge in Canada's help-wanted index in January points to better job prospects." —Schwabank

EMPLOYMENT

Net change in jobs, January 1997



"Home sales grew by 84 per cent in January and there are signs that it's more than just a 'boom bubble.' Some individuals are taking on second properties to rent out—a first sign of housing speculation." —Adn Amro Bank Canada

**Peter C. Newman****Pettigrew's progress—a crusader in motion**

When Jean Chretien finally pulls the plug and calls the Millennium Election later this year, one of his low-carriage goodies will be the worthy, if important, plea to help relieve child poverty. By granting tax relief to the one in five families who live below the poverty line, at least a start will be made in solving our greatest national disgrace.

The architect of this scheme, which will have a dollar tag attached to it, Paul Martin's Feb. 18 budget, as Human Resources Development Minister Pierre Pettigrew. Last month, he has earned an approval for the measure from 90 per cent of Canadians, including Quebec. Though Pettigrew has been an MP for only 30 months, the Minister of Education is rapidly becoming recognized as one of the Chretien government's few heavy hitters. That's a bit like walking on your knees as a head of state, but Pettigrew is particularly valuable as his current role because unlike his cabinet colleagues from French Canada, he retains the respect if not the affection of the English-speaking Quebec City.

Except that he's not the least bit arrogant. Pettigrew is something of a latter-day Trudeau, with charm and intellect to burn and a winning Jesuitical turn of mind that prompts him to parry questions with queries of his own. Rich guys are obsessed with finding a comfortable house for Quebec winters in Canada, though their approaches are very different. While the cool Monsieur Trudeau never accepted his own housing, retaining whatever compassion he might have felt with the capitalist class, Pettigrew is open-hearted and passionate.

Unlike the former party minister, he became bilingual relatively late in life. Despite his Scottish name, Pettigrew grew up in a solidly French quarter of Quebec City. He was first thrown into an English-speaking milieu at age 25, when he arrived at Dalhousie College in Ontario to take a master's of philosophy degree in international relations. "For the first year, I systematically blacked out my mind to French," he recalls fondly. "This included the interior minister's speech, the speech of the prime minister, and the speech of the minister of education, which was the last to go." (He has since returned to denouncing in French—presumably because he doesn't want to be arrested by Quebec's language police.) His thesis on British negotiations to enter the Canadian Market stirred Pettigrew's interest in international trade, and that has been his specialty ever since. Back in Montreal, the article he wrote as Canadian federalism for *The Globe* caught the attention of Claude Ryan, then the paper's book buyer. When Ryan became head of Quebec's Liberal party in 1993, he appointed Pettigrew as chief assistant. He left just four years as Trudeau's foreign policy adviser, but a full decade of Pettigrew's career was spent in the private sector as a consultant to Quebec

companies on the effects of globalization.

"In these 10 years," he recalls, "I learned something about wrenching change and the fragility of the status quo. I lived through three mergers of companies I was soft, and each time I was scared, really scared for my job. Though I never admitted it to anybody, it was that sense of fragility that became a key to Canada's internal and external problems."

"Many Canadians feel this way, not just in glass office towers, but in fish plants, forests and factories, as they live the rupture of their past," he says. "That social fragility flows from globalization, which has caused the death of distance. In Quebec, there is the additional fragility we share about our language, spoken by such a tiny North American minority. That makes us feel cold and lonely. We need the rest of Canada to give us a sign, to acknowledge they will help us keep our language. After all, we both understand what fragility is about."

Pettigrew's discourse is filled with historical references and concerns about the very different equilibria between individual and collective rights that exist in English and French Canada. "What Quebec is asking for is recognition of the fact that collective rights make sense for a minority in this country," he insists. "We need to bring into the Constitution some elements that will allow Quebecers to live in the Canadian tradition in which there is more balance between the two acts of rights."

A fervent federalist, Pettigrew believes that Jacques Charest will not hold a referendum unless he is convinced he can win it. "If there is one," he says, "it'll be ready to fight it, but I would prefer to buy time by preventing a productive and constructive way so that Quebecers find change is moving in the right direction."

The human resources minister's next big move will be to launch a \$350-million youth employment program, and after that he will transfer some manpower training to provincial jurisdiction. Alberta and New Brunswick have already signed the deal, and Pettigrew is confident that the others are about to approve the switch as well.

Pettigrew's speeches are emotional and sapiently unapologetic. He sounds more like a poet than a politician when he gives voice to his patriotic feelings. "There is something infinitely more about Canada that's palpable from coast to coast," he roars. "There is a grandeur about being Canadian, which is very closely related to the fact that we're trying to give everyone the best start in life, the best opportunity in terms of health and education. It's a sound investment. My business background never goes against my social conscience."

Chances are that Pierre Pettigrew is fated to play a historic role in whatever plays are hatched to keep this blessed land from splitting up. That's good news.



IRONICALLY, SHE'S THE ONE WHO'S WORRIED ABOUT HER WEIGHT.

We're always the ones more likely to be concerned. Even when we have nothing to be concerned about. But looking your best is about being strong and healthy - not obsessive. Look good on your own terms. Exercise. Refuse to skip meals. Start with a balanced breakfast every morning and go from there. Kellogg's® Special K® cereal is low in fat and a source of essential nutrients so it's a light, sensible way to start your day. After all, there's no reason to let your weight control you. Especially if you're like her and you have nothing to lose.

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A healthy body weight looks good on everyone.

MEDIA

determined little girl," remembers the *Star's* former fashion editor Susan Brown. "She wasn't aggressive in any way, but I could see it in her eyes."

One factor that made Fuller's resolve so steely occurred when she was 18. Her parents divorce left her mother in a abrupt financial straits, forced to sell the family house. "It was hard for her, and for us," Fuller says. "It definitely made me determined not to be financially dependent on anybody."

As the sportsweek editor at *Woman's Hour* Daily, she found the pace and competition ruthless—perfect for her Type A/plus personality. But it did not deter her from another goal. At a New York party, she met a fellow Toronto equineite, the mopey Michael Fuller. At the time, she had just broken off a long-term relationship "but not having seen a proceed-to-marriage," and she approached her new romance with the same relentless focus she had reserved for her career. "On our third date, I told him, 'You know, if you're not interested in being open to marriage after we've been

Cosmo was Brown's baby for 31 years

using each other for six months, that's it," she recalls. "I just said it on the line." Michael, she says, was "so shocked" that he decided to rise to the challenge. "Six months later, on schedule, he proposed on a bus. I wanted the engagement," she says. "I wanted the ring."

Months later, in June, 1983, when they were married in a Toronto synagogue, she already seemed on her way to her new modification of the *Cosmo* girl. At 26, with minimal magazine experience, she had just been named editor of *Flare*. Its then-publisher, Donna Scott, now chairman of the Canada Council, knew she was taking a gamble on Fuller, but after interviewing two dozen other candidates, she remained captivated by her ideas and spirit. Says Scott: "She is a magazine created as anyone 17-year-old." Their collaboration lasted six years and turned *Flare* into fashion must-have. Tossing the hat to named all the collections, Fuller would show up with a clipboard to record her handpicking with designers and stars for a column she dreamed up called "Place your bets." Barbara Stern, a Toronto fashion writer and friend who says inspired her to every magazine, including *Game*, chuckles at the accuracy of their fierce working through the *Flare* files. Fuller handling out *Flare* and working the crowd. "It already marked her as not being a complacent Canadiana," Stern says. "She was leading herself and the magazine equally."

Every month, Fuller mailed out hundreds of letters with notes to top editors around the world. For her, the competition was not another Canadian women's magazine, but *Mademoiselle*, *Glamour* and *Elle*. "I had to be just as good as they were," she says. By her sixth year at *Flare*, she was routinely introduced to *Woman's* Gail Kuster by



Brown and some of her covers: 'I'd never have gone'



her pal, top menswear designer Tommy Hilgert, she sent him a four-page proposal for the makeover of *Flare's* *Rosier*. "It was such an editorial document that he passed it on to me," recalls Helen Gurley Brown, who was looking for a new beauty editor-in-chief invited her to drop by. Brown promptly found Fuller, her husband and new baby in her office. Although Fuller admits she was "fascinated," she was

cool to Brown's job offer, which she requested as a demotion. But needed to avoid story lines, she whipped (C) 100.

Still, a thing had come of their encounter when she heard about an obscure U.S. teen magazine called *Young* *Miss*, which was in trouble. For Fuller, 23M, as she christened it, proved a perfect showcase for her casual editorial sense. In her editor's notes, penned in a confidential big-sister tone, she shared her own trauma. "I'd rather take chemistry class twice than have to reduce my first visit to the gynecologist," and a regular feature, invited teens to share their "most mortifying moments." As Stern points out, Fuller drew on her own vulnerability. "This was all inspired by Brown's most hideously not-trying experiences," she says. "As all three magazines, she's always been willing to put her own experience in print."

Fuller had built the circulation from 725,000 to 1.6 million when *Flare* hired her way to launch *Marie Claire* in North America. In a shrinking advertising market, it too was a formidable challenge. "People said there wasn't room for another fashion and beauty magazine," she says. "But we sort of showed our way in." Her transplant was hailed for a mix that united high and low fashion with serious issues such as a no-bitching piece on the women of Bosnia. And again, she laid out her own line on the editorial page, introducing an article on how a growing number of women with killer careers are finding love with lower-income guys. "I'm convinced that her husband had quit his job to stay home with the kids (Dash, now 9, and Sofia, 4) and to build a lovely home. 'Let me tell you, she's a burlesque,' I'd rather see him with a tail but then a laptop say day." Although she had assumed the role of principal beauty correspondent, the advice "I wouldn't be happy doing anything else."

Emerging issue of the careers in the patriarchal world of women's

magazines. Fuller sensed a veritable poster girl for having it all. But she was not worried whether she could have another baby. She had started to consult adoption agencies when she went with friends to a restaurant where a talent card reader posted not only another child, but also another job. "I didn't understand what she was talking about," Fuller recalls. "But she said there would be another very strong woman involved, and at first it was going to be a difficult task."

"Tension?" Helen Gurley Brown poses in her 1960s monologue. "I would say there have been tensions between a female and me. She's always been very respectful. And I've left her having to sit through all these lunches and [then to all the carrying on about me. I could never have stomach it." No, the only tension she can think of is during the last months of what she terms "the reigns," when Fuller was working on her March redesign and Brown was putting together what she called her "real wage thing" (March 1962 February 1963)—which set an ad copy record. But she makes no bones about the fact that she needed some prodding towards the east. "Left up to me," she says. "I'd never have gone."

Newly transplanted to a modest corner in another building, along with her trademark decor, Brown has been named editor-in-chief of *Cosmo's* international editions, charged with making sure that their local editions do not deviate from her basic formula. As she puts it, "My challenge is to keep these girls in line." It's, she says, a "tough landing" for a childless workaholic hounded at the thought of retirement. Since selling her 1962 best-seller *Sex* and the Single Girl, her life had been dedicated to increasing its tiny magazine's presence in a magazine dreamed up by her film producer husband, David Brown, who wrote every exclamation point late for the past 31 years. Now, she is going by suggestion that her *Cosmo* had become passé. Pointing out that *Cosmo* is the best-seller in college bookstores, she has a simple reply: "Bullshit!"

Certainly, when Brown's first issue appeared in 1960, it was groundbreaking. *Cosmopolitan* paved the way for a new generation of women's magazines that U.S. feminist Naomi Wolf later in "revived conversations of social change," offering women an unprecedented forum for debate and a road map for economic and erotic independence. Beneath a veneer of naughty fun, it took the stand-out of a movement that was, in fact, transforming culture and social tradition. But in her popular 1990 critique, *The Beauty Myth*, Wolf argued that it showed the way for seducing women a potentially lethal social message. She charged that its ads sold breezy beauty columns undercut that fact, keeping women in thrall to a multi-billion-dollar diet and cosmetics industry that nourished low self-esteem and an epidemic of eating disorders.

Profoundly Brown-baffles at feminist critiques. "The idea that you can't be happy about your looks—that's just nonsense," she protests. "Gloria Steinem stroked her hair and wore lipgloss and sexy clothes. You don't have to have group hugs to be a feminist." More surprising, perhaps, Fuller echoes virtually the same line. "What's so terrible about cosmetics and fashion, anyway?" she bristles. "It's a fact of life that women since the dawn of time have been interested in making themselves look attractive. We've seen all the hieroglyphics of Egypt—they were doing it then. It's in our biology!"

As for the accusation that women's magazines encourage anorexia, bulimia and

self-harm by featuring even-younger images—such as that of the newly crowned Supermodel of the World, Winnie's Launie Spencer, who is 15—Fuller argues that eating disorders are prompted by psychological issues like control. "There's much more of a problem in North America with obesity," she says. Fuller is too savvy to attack such contradictory messages that have been the lifeblood of women's magazines—an ambivalent territory that she has proven extraordinarily skilled at negotiating. But her reluctance may also reflect the schizophrenia inherent not only in the new *Cosmo* girl, but in the lives of most modern girls and women. □

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Shevchuk on the slope, with father Terry (below) 'best-athlete'

SPORTS

They are the champions

Winning isn't everything for Special Olympians

Irrevocably, Olympic competitions are about numbers. The sixth Special Olympic World Winter Games, held from Feb. 3 to 8 in Toronto and Collingwood, Ont., attracted 1,367 athletes from 72 countries, supported by 660 coaches and staff, plus more than 5,000 volunteers. And what about the number of gold, silver and bronze medals each country won? "We don't keep medal counts," says spokeswoman Day Robble, sounding concerned at having to explain this one on occasion. "That's not what these Games are about."

What these Games are about is bringing together mentally disabled athletes, aged 18 to 65, some of whom have disabilities claims that they would never win, or perhaps function independently, much less compete internationally. For those like Kim Shevchuk, a 19-year-old resident of Kamloops, B.C., already competition and camaraderie have helped develop the kind of character strength needed to function confidently in a world where his actions have pegged him as different. "Before the Special Olympics, Kim was a quite introverted person who wouldn't strike up a conversation," says his father, Terry. The Games have changed that, he says, and have given his son, an athlete's son, "a wonderful sense of self-esteem and self-worth." Says Kim: "I've met a lot of people—and I intend to doers and everything."

Similar accolades provided the opening ceremonies at Toronto's SkyDome on Feb. 3 to about 30,000 spectators took in the gala, which featured a surprise appearance by one-time Olympic silver medalist Brian Orser, who shared his more familiar blades in honor of avian stunts. Other performers included singers Michelle Wright, Susan Agluktoo and Buffy Sainte-Marie. Deputy Prime Minister Sheila Copps called the Games "the broadest sporting event the world has ever known."

There were five official sports—alpine skiing, cross-country skiing, floor hockey, figure skating and speed skating—plus two demonstration sports: ice sledge hockey and wheelchair curling. The spirit of the competition was captured in the athletes' oath: "Let me win, but if I cannot win, let me be brave in the attempt." Judging by what the Special Olympians have accomplished, there were no losers, only brave winners.

Text by Danielle Hunschke, photography by Phil Sief



Terry and Dori Shevchuk of Kamloops, B.C., are banded in thick jackets at the base of the downhill course where their son Kim is about to make his run. Don's video camera is rolling. Terry has the zoom lens ready on his 35-mm camera. Kim's helmet hides his mom's handwork: the word "Canada" stenciled on the back of his head. After the first competitor says by, Terry says: "Doh, Kim is really going to have to fly." Kim, who has autism, finished third in his group, his parents cheering. This scene, says Terry, an engineer with BC Tel, is a world away from the time when doctors told the Shevchuks that Kim, then 10 months old, would "never walk, talk or be able to look after himself." Just look at him now.

SPORTS

Making tracks: Let me win. But, if I cannot win, let me be brave in the attempt.



John Griffiths (above) of Kimberley, B.C., is beaming from made his fall-face helmet, his cheeks red from the icy winds sweeping Blue Mountain in Collingwood. "I was smooch" that half." The 33-year-old Griffiths exults: "It's my and that." His mother, Dorothy, is also smiling: "You got it, choked up and you want to cry," she says of watching her son compete. "It's such a thrill. He doesn't have to prove himself to anyone any more—he's done it and he knows who he is." John is Dorothy's only son. At age 4 he was diagnosed as "mentally challenged," his mother says. Today, John is "high functioning," capable of holding down a job as a handyman at a B.C. guest ranch while also competing on the ski slopes. And while Dorothy acknowledges that travelling to international meets takes a financial toll—this is his third—it is "one of those things that because it's your son, you don't care what it costs."



"Let's go Canada, let's go!" The fans chant and stamp on aluminum stands, creating an exuberant racket reminiscent of a hockey battle between Team Canada and the Russians. There is cheering along the boards and passes are crisp. The floor hockey squad from Orillia, Ont., is competing against Denmark and is one of two representing Canada (the other is from Fort Erie, Ont.). Doriane McFarland is cheering for her 30-year-old son, Bill, who has Down's syndrome. "He's having the time of his life," McFarland says. Canada loses 5-1, but that hardly seems to matter. Bill puts it into perspective when his skiers what he lives best without playing. "The whole team—friends," he says.

Their coach says they have never worn their snowshoes on snow before. Nevertheless, the 30 Special Olympians from Chimo, Taipei, get off to quick starts. Training consisted of running on grass or sand with heavy wooden snowshoes, says coach Kim Hwang Shin. Now that they are competing with lighters, under the skis, "they are going to be much easier," Shin says—and his children are "so excited they're forgetting the cold." Up for the challenge is 15-year-old Sarah Smith (left, No. 15) of Earl Park, Ont., who finished second to a job as a competitor in her 400-m dash. "It's fun," Sarah says triumphantly. Her mother, Donna, explains that her daughter has a learning disability that makes reading and numbers being difficult. The Games, she says, have increased Sarah's self-confidence immeasurably—not to mention putting a large grin on her face. □



It slices, it dices



Computer store display, an MMX Pentium chip (bottom), weapon

In the Information Age, people like 33-year-old Mark Rein are at the cutting edge. Rein is vice-president of Epic MegaGames Inc., a computer game company in Rockville, Md., yet his "office" is actually his home in Schenectady, just north of Toronto. As a game developer, Rein talks about computer codes and pixelated colors with the same enthusiasm that other executives talk about balance sheets and mission statements. But when the subject is MMX—the latest enhanced chip from Intel Corp., the world's largest supplier of computer processors—he positively glazes. "MMX is such a big thing because now, like, you can do fear register calculations simultaneously," says Rein. "That's what's so great. And future iterations of MMX will be floating point—and then you'll be really laughing."

Make sense? To most, computer seems, probably not. But in the high-tech industry the new MMX chip could be the biggest thing since, well, the launch of Intel's groundbreaking Pentium processor three years ago. That is because MMX technology enhances a computer's ability to process graphics, sound, and video, making it a better analog-to-digital machine. Just as significant, however, is what a commitment to MMX by Intel—whose chips power about 80 per cent of the world's personal computers—means to the future of consumer electronics.

In short, MMX is Intel's most aggressive

Intel unveils a fast new chip for the home market



move so far in the hotly contested war among cable companies, telecommunications giants and computer makers for the multi-billion-dollar home entertainment market. By promising to make the home computer into that Holy Grail of consumer electronics—a TV, VCR, stereo, game machine, word processor, Web surfer and telephone rolled into one—MMX is Intel's most secret weapon in what company president and CEO Andy Grove has called "a battle for eyeballs."

Although the technology is arcane, to say the least, the new MMX Pentium chip features several significant improvements over Intel's previous microprocessors. For one thing, Intel has packed in 4.5 million transistors (up from 3.3 million in its standard Pentium) and lowered the chip's voltage requirements—moves that enhance performance while lowering the risk of overheating. And Intel engineers have coded into MMX, equipped chips 57 new instructions sets, which programmers use to make software

run. The extra instructions allow programmers to reduce formerly complex operations, especially the handling of graphics, audio, programs and video playback, into a single step—the simultaneous register calculations that Rein speaks so enthusiastically about. On standard benchmark tests, Intel claims that Pentium chips with MMX technology are 10 to 20 per cent faster than standard processors—and as much as 60 per cent faster when running multimedia applications.

For consumers, the most immediate benefit of an MMX Pentium system—which typically costs about \$150 to \$300 more than a non-MMX computer—will be in computer games. Rein, whose company is set to release several games that take advantage of MMX—Epic's upcoming *Duke*, *Unreal*, is the buzz of the gaming industry—says that "it means better-quality video sequences, better-quality sounds and better visuals." Beyond games, however, MMX-capable software remains scarce—although Intel says a flood of new titles will soon hit the market.

MMX's other big selling feature—one that gives Intel a serious stake in the consumer electronics market—is that it will play digital versatile discs, or DVDs. Years in development by such electronics giants as Philips and Sony, the discs are super-CDs, capable of storing two full hours of high-resolution digital video. Stand-alone DVD players that hook up to television sets will probably cost between \$800 and \$1,500 when they hit Canadian shores in the spring. But DVD-ROM drives, which would replace existing CD-ROM players in computers, will likely fall in the \$500 to \$800 range.

Coupled with an industry trend toward larger computer screens (Gateway 2000 Inc., a U.S. manufacturer, recently launched a PC with a 30-inch screen), DVD could help take the computer out of the office and into the living room.

"We used to use the analogy about the 10-inch versus the 16-inch interaction—that you do on the couch with the remote versus what you do at your desk with a mouse," says Darag Cooper, Intel Canada's architecture manager. "There's no reason that the computer can't occupy both those spaces."

Will MMX live up to its hype? Intel shares at one point last week were down 7.3 per cent—in part due to investor concerns that a lack of software titles will slow the new processor's acceptance. Existing computer owners, who have seen each new generation of processor render the previous one virtually obsolete, may also be wary of embracing yet another innovation. But Cooper says the new technology is here to stay—and that MMX computers will be a bigger segment than mere upgrades. Declares Cooper, "MMX is and will be, one and forever, part of the latest architecture." In the frenetic world of computer technology, that is about as categorical as any statement can get.

JOE CHIDLEY

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Drugs and money

Industrial and consumer organizations are firing off proposals to review the controversial 1985 legislation that guarantees drug companies 30 years of patent protection in Canada—a market monopoly for new products. A study published by researchers at Queen's University in Kingston, Ont., estimated that Canadians would save between \$4.1 billion and \$9.4 billion over the next 20 years if the period of patent protection were reduced to seven to 10 years, allowing rival firms to produce cheaper generic versions of patented drugs earlier. That study was sponsored by an association of generic drug manufacturers, and Judy Erda, president of the Pharmaceutical Manufacturers Association of Canada, which represents the major pharmaceutical firms, called its findings "totally ridiculous." A parliamentary committee review called for in the 1985 legislation could begin as early as this month, and produce recommendations within a year. Michael McLane, coordinator for the Ottawa-based Canadian Health Coalition, which links labor unions, advocacy groups and senior organizations, said that unless the patent law is changed "the biggest part of health-care cost increases will wind up as drug company profits."



Prescription drugs: Reviewing the monopoly law

Country life and death

With the pollution, the stressful traffic snarls and accelerating life pace, city life can indeed take a toll on a heart attack. Even many medical experts accepted that conventional wisdom. But a new study, released last week by the Heart and Stroke Foundation of Ontario, shows that the mortality rate for heart disease is in fact significantly higher in the province's rural areas than in its large urban centers. "That's what surprised us," says epidemiologist Christine Hodgson, the study's author. "The stereotype is that if you live out in the country, all this trash air and lack of stress should make you healthier—but some of the rural areas actually have the highest rates." Why the difference? "We don't know," says Hodgson. "One theory at play is lifestyle factors." In rural Rural County near the southwestern tip of Ontario, the death rate for heart attacks is 64-per-cent higher than the provincial average. An above-

average proportion of Kent's population also falls into those risk categories: overweight, smokers, high blood pressure, diabetic and reporting fast to high levels of stress in their daily lives. "There is a fairly high unemployment level in Kent and that is a terrible risk factor," notes Hodgson. But residents of Toronto—where the total heart attack rate is 22 per cent below the provincial average—also report fair to high levels of stress, smoking and physical inactivity. "Obviously, lifestyle is not the whole story," says Hodgson. "That is why we want to do more research." It may take years for investigators to sort out the reasons for rural residents' susceptibility to heart disease. Possibilities include environmental factors, water and air quality, and the availability of medical services. In the meantime, Hodgson advises, "evaluate your risk of heart disease and change the things you can."

A two-minute test for the AIDS virus

A small Nova Scotia company, Octopus Diagnostics Research of Hantsport, is marketing what it calls a simple, fast HIV blood-testing kit. The company's owner, biotechnologist Abdulnabi Karamita, says the kit shows the presence or absence of HIV—the virus associated with AIDS—in a drop of blood in two minutes, compared with conventional tests that can take up to two days. Preliminary analyses of clinical studies in Calgary, Halifax, St. John's, Wfnd, and elsewhere show the kit produces a false-positive finding in fewer than two per cent of cases—comparable to the performance of other tests—but fails to confirm the presence of HIV in up to five per cent of cases in which the disease was confirmed by other means. Octopus signed a contract last week to provide half a million units to a Hong Kong distributor and has negotiations under way in several other countries. The company is awaiting approval of its product for use in Canada.

Testing a flu drug

Drugs capable of warding off, or curing, influenza may be on the horizon. Researchers for a California-based drug company, Glaxo Sciences, said that a drug designed to prevent common influenza viruses from reproducing appeared to work in animals. Now, the firm wants to test the drug on humans, who would take the drug in pill form. British-based Glaxo-Wellcome is currently testing a similar drug that is inhaled. One big obstacle facing researchers is the formidable ability of the viruses to mutate rapidly and to reproduce in huge numbers.

When measles strikes a campus

Health authorities put an inoculation program in place to try to contain a red measles outbreak of unknown origin at Simon Fraser University. The Burnaby, B.C., institution also postponed its annual honors awards ceremony to limit contact between the campus and the public at large. Authorities tracked 30 of 42 confirmed cases of the highly contagious viral infection to the Westwood area of the Burnaby campus. There were only 40 cases of red measles throughout British Columbia in all of 1996. The disease can lead to a wide range of serious complications, including pneumonia, inflammation of the brain, seizures and even death.



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Erin: Herb's a great guy but his ideas are a little strange.

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People

Edited by
BARBARA WICKENS

Jodie's Grace

A million actor, director and producer Jodie Foster has a knack for bringing wonderful stories to life. And one theme running through many of her roles is her characters' status as either victims of society (*Taxi Driver*, *The Accused*) or of circumstance (*Shogun*, *White House Down*). Now, Foster's Los Angeles-based film company, Egg Pictures, has optioned yet another great tale, Toronto author Margaret Atwood's *Alias Grace*. In this case, however, it is not so clear who the real victim is. Atwood based her Giller Prize-winning novel on the real-life case of Grace Marks, a servant girl in mid-1800s Ontario who is sentenced to life in prison for the brutal murder of her employer. A psychiatric friend of Grace's, who can no longer remember the crime, to determine whether she was a blood-thirsty fiend or an innocent victim who is led into murder. Foster, 34, has not yet said whether she will play the lead role. But the fact that she was a bidding war for the Atwood novel against Miramax, Fox Searchlight and actor Nicole Kidman's production company—just paid a high six-figure sum—means it seems certain that Grace Marks is one alias Foster is determined to adopt.



Foster: a knock for A-listing great stories



Modern romance—in 1745

U.S. novelist Diane Gubaldon's *Drums of Autumn*, currently anointed as best-seller lists across North America, is her fourth novel about English nurse Claire Randall and Scottish Highland warrior Jamie Fraser. The meticulous period detail is in contrast to the serendipitous development of the central premise: the love story of a modern woman somehow thrust into the past just in time for Bonnie Prince Charlie's doomed 1745 uprising against the English. When Gubaldon, then a professor of behavioral ecology at Arizona State University, started to write in 1990, she tried historical fiction, thinking it would be the ideal genre for a researcher to master. Randall's time travel, says 42-year-old Gubaldon, was simply an inspired solution to a common problem in historical novels—her heroine "kept making snarky-wacky modern remarks, rather than speaking like an 18th-century woman."

Rebels: "Sweet-sour matters romance"

Exorcising apartheid

Writing the 13-part TV series *Ebbets*. A family chronicler was more than just a job for Clarence Hamilton. The CBC drama spans Canada and South Africa, and reveals the deep, complicated divisions that apartheid created. Using the political tensions as a backdrop, Ebbets follows the everyday slangs of a few families. The subject matter is close to the bone for Hamilton. At the age of 18, in 1974, he was the youngest South African ever to be exiled by the apartheid government for such political crimes as leading student riots. He eventually moved to Canada, writing Ebbets while living

in Toronto from 1985 to 1992. Hamilton, who returned to Johannesburg in 1992, and his all-star supporting political roles, was granted amnesty, joined forces with Canadian director-producer Alfons Adenot to make the Canada/South Africa co-production. "I used the writing process to tell my ghosts," says Hamilton. "It became cathartic."

Plastered all over the world

Actress Cher and Vanessa Williams have worked by Sid Dickens hanging on their walls. And Dickens himself, a 31-year-old Vancouverite, has recently been profiled in several of the design industry's top publications, including *Style* and the granddaddy of them all, *Architectural Digest*. But the person catching the attention of international art lovers are not paintings or sculptures—they are 30-by-30-cm plaster tiles. Dickens developed the concept of interchangeable decorative tiles, which he calls memory blocks.



Dickens, decorative tiles

two years ago. With the look and feel of time-worn red stone, the tiles are available in more than 85 motifs, including Gothic script, musical notation and roses art. They are now selling around the world for about \$85 each. Dickens says he set out to be a artist, not an entrepreneur, but is nonetheless enjoying the commercial success. He adds "Art is what you make of it."

Allan Fotheringham



Laughing at the twits we elect to lead us

There's a strange thing going on in this strange country. The dim bulb known as Art Eggleton, who resigned as mayor of Toronto—the Big Lemon—for 11 years without making a single impression, has now in Ottawa thrown up his hands in surrender.

Supposedly a sane, coldest minister in the Creative government, he has admitted that his government has been bying and, to tell the truth, there has never been any protection under NAFTA for our "cultural" artists—musicians, books, movies, radio and TV.

The jewel that yet another Liberal cabinet admits that the government has no skill here. We expect that like the sunrise, like the understanding that there will usually be a little pain at 5 pm. No big deal.

What is apparent is that Canadians, as a whole, accept such bald truth and perorations. We are a self-flagellating nation, knowing that the twits we elect have failed in their months, eager to eat any little until the moment they have to admit they, uh, weren't telling the truth.

The way we get around this is in admitting we are Canadians—the Bole. A look at our favorite broadcast news shows this to be true. The *Real Canadian Air Force* and *This River* Ben 23 Ads—also—and Double Exposure on radio—have ratings that private broadcasting does for free.

What is best, of course, is that all the shams at government and their stupid politicians are conducted on a government-funded broadcasting system. It's a fine Canadian tradition—banded down the hills.

The BBC has done more to undermine the British Establishment than any foolishness I could possibly be able to do. The *Gene Show*, with Solly Mithras and all his cronies, began a cult following that included even Prince Charles (the craziest of all).

Following in their footsteps come *Beyond the Fringe*, the tiny Cambridge quartet including Dudley Moore and Peter Bennett, that paraded their rude and crude sense as an affront to the Edinburgh Festival. The result? A sensation that ran in London and Manhattan for years, producing recordings that still sell besotted fans at midnight over two much more.



The natural progeny of this culture was to the *Monty Python* crowd, led by John Cleese and his *Silly-Walking* Tires and on to the TV series of *Fawlty Towers* and then film with *A Fish Called Wanda*—one trying to get repeated in *Pierre* Cossens.

What we are trying to get around is here, admittedly belatedly is the difference between wit and humor. Wit is directed toward others. Humor is something deflected toward oneself.

The great Irish wit—Oscar Wilde, George Bernard Shaw, even Brendan Behan—always had their savage lines directed outward at others, principally at the hypocritical Brits. The English go nuts—from *Much Ado About Nothing* to Noel Coward—has been to make fun of English men themselves.

Pierre Trudeau had wit—lovely wit—age stuff. But Robert Stanfield had no wit, self-deprecating stuff that the public never saw. In the annual Parliamentary Press Gallery off-the-record Maclester banquet, Stanfield wiped out Trudeau with his dead pan. *Smile* Roman humor. Trudeau could never really understand the insider jokes written for him—usually by Larry Zoff—and most always screwed up the punch lines.

Zoff, in a bad suit in the back ground, his head in his hands, would weep in frustration. The difference between wit and humor.

We can see it—while the goofy Eggleton can never see it—in the difference between the hours when *Can* from satire and American satire are seen on the back tube. Americans among of their politicians is not unique in the southern regions of the north where most sensible folk have collapsed to sleep or sex.

Letterman and Leno do not get on the air on their networks until just before midnight. In contrast, the national shows that survive our minority susceptible gods are in prime time in Canada, supposedly the City of the World.

The BBC, founded by the *Wagner*, has giggled the nation with its, *Monty Python*, a devastating profile of what really goes on in government. It runs a rubber-mask comedy of *Charlie and the Queen* and *Super-Two* Philip. In some other jurisdictions would put these responsible in the chair. It's so good that Moscow TV, of all places, is now doing the same thing, subjecting *What* and others to the same deadly treatment.

This is the strange thing about this strange country. Because it regulates it as a mouse dominated by an elephant, it has decided to laugh at itself. Americans are a funny sort. They don't need great gowns at themselves—as long as they are directed by fellow Americans.

Jack Benny, whose name was of course not Jack Benny, could be funny about Americans. So could Bob Hope, who was born in England. Charlie Chaplin, a London Cockney Jew who was banished from America as a supposed Communist, endured it all.

Chaplin and Benny would understand. Canadians, as the mouse understands the elephant, understand the only solution is to laugh.

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